

ANNUAL REPORT**2015**

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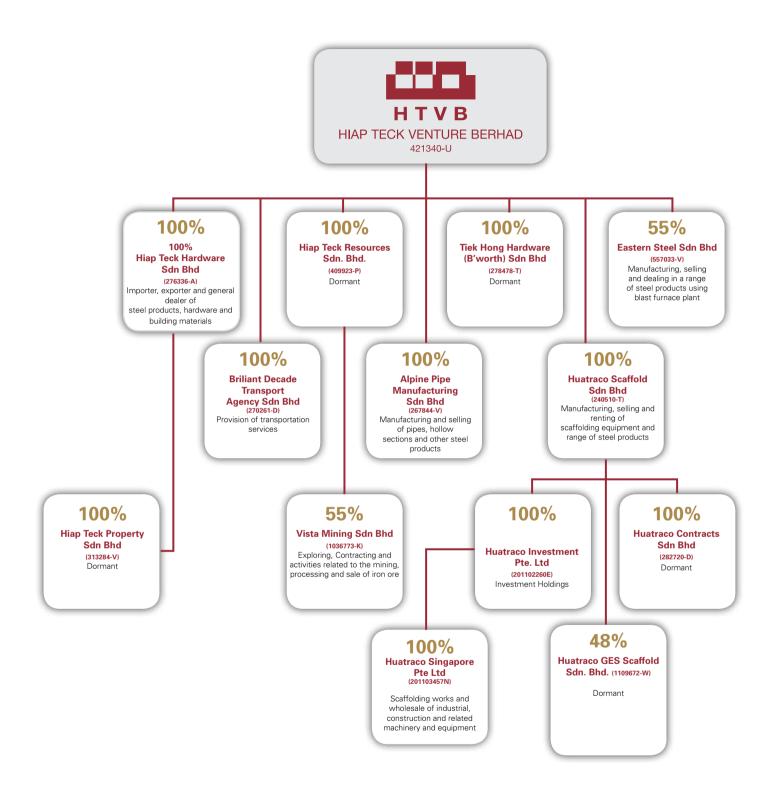
MISSION

- Build value for shareholders Participate in the development of the country Total customer satisfaction Enhancement of existing core business to position for growth One stop steel centre

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CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

INDEPENDENT NON-EXECUTIVE CHAIRMAN

Tan Sri Abdul Rahman Bin Mamat

EXECUTIVE DEPUTY CHAIRMAN

Tan Sri Dato' Law Tien Seng

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Soon Lai @ Ng Siek Chuan

Mr. Leow Hoi Loong @ Liow Hoi Loong

Mr. Lee Ching Kion

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Sun Yanmin (Appointed w.e.f. from 29 June 2015) Mr. Lu Zongyou (Resigned w.e.f. from 29 June 2015)

EXECUTIVE DIRECTORS

Mr. Foo Kok Siew Mr. Tan Shau Ming Mr. Low Chong Sing (Retired w.e.f. from 17 December 2014)

SENIOR INDEPENDENT DIRECTOR

Mr. Ng Soon Lai @ Ng Siek Chuan

AUDIT COMMITTEE

CHAIRMAN

Mr. Ng Soon Lai @ Ng Siek Chuan

MEMBERS

Tan Sri Abdul Rahman Bin Mamat Mr. Leow Hoi Loong @ Liow Hoi Loong Mr. Lee Ching Kion

REMUNERATION COMMITTEE

CHAIRMAN

Tan Sri Abdul Rahman Bin Mamat

MEMBERS

Mr. Leow Hoi Loong @ Liow Hoi Loong Mr. Foo Kok Siew

NOMINATION COMMITTEE

CHAIRMAN

Tan Sri Abdul Rahman Bin Mamat

MEMBERS

Mr. Leow Hoi Loong @ Liow Hoi Loong Mr. Lee Ching Kion

RISK MANAGEMENT COMMITTEE

CHAIRMAN

Mr. Leow Hoi Loong @ Liow Hoi Loong

MEMBERS

Mr. Lee Ching Kion Mr. Foo Kok Siew

ESOS COMMITTEE

CHAIRMAN

Tan Sri Abdul Rahman Bin Mamat

MEMBERS

Mr. Leow Hoi Loong @ Liow Hoi Loong Mr. Foo Kok Siew

COMPANY SECRETARY

Ng Yim Kong (LS 0009297) c/o Strategy Corporate Secretariat Sdn. Bhd. Unit 07-02, Level 7, Persoft Tower 6B, Persiaran Tropicana 47410 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel No. : (6)03-78045929 Fax No. : (6)03-78052559

REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D) Level 6, Symphony House Block D13, Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel No. : (6)03-7841 8000 Fax No. : (6)03-78418008

AUDITORS

KPMG (AF : 0758) Chartered Accountants Level 10, KPMG Tower 8, First Avenue, Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan, Malaysia

HEAD OFFICE & REGISTERED OFFICE

Lot 6096, Jalan Haji Abdul Manan Batu 5-1/2, Off Jalan Meru 41050 Klang Selangor Darul Ehsan, Malaysia Tel No. : (6)03-33778888 Fax No.: (6)03-33929198 Website: www.htgrp.com.my

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad (88103-W) AmBank (M) Berhad (8515-D) Hong Leong Bank Berhad (97141-X) Kuwait Finance House (Malaysia) Berhad (672174-T) Malayan Banking Berhad (3813-K) OCBC Bank (Malaysia) Berhad (295400-W)

STOCK EXCHANGE

Bursa Malaysia Securities Berhad (Main Market) Stock code : 5072

DIRECTORS' PROFILE



Y. BHG. TAN SRI ABDUL RAHMAN BIN MAMAT

Chairman / Independent Non-Executive Director Malaysian, age 63 Chairman of the Remuneration Committee Chairman of the Nomination Committee Chairman of the ESOS Committee Member of the Audit Committee

Tan Sri Abdul Rahman Bin Mamat was appointed to our Board as Independent Non-Executive Director on 28 January 2011. He was then appointed as Chairman of the Company on 12 December 2012.

Tan Sri Abdul Rahman graduated with a Bachelor of Economics (Honours) from University Malaya, Malaysia and later obtained an Advanced Management Programme qualifications from Harvard Business School, Boston, the United States of America.

Tan Sri Abdul Rahman began his career as an Assistant Director with Ministry of International Trade and Industry ("MITI") on April 18, 1975 and served in various capacities in MITI for 35 years before retiring in December 2010. The positions held were : (1) Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States of America; (2) Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; (3) Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; (4) Special Assistant to the Minister of International Trade and Industry; (5) Director, Export Promotion Bureau, Malaysia External Trade Development Corporation (MATRADE); (6) Director of Industries; (7) Senior Director, Policy and Industry, Services Division; (8) Deputy Secretary-General (Industry); and (9) Secretary-General.

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including Malaysian Industrial Development Authority (MIDA), MATRADE, Johor Corporation, Regional Economic Development Authority (RECODA) and Lembaga

Kenaf dan Tembakau Negara. Tan Sri Abdul Rahman has represented Malaysia in a number of international meetings, bilateral, regional and multilateral negotiations, conferences and symposiums. He had also contributed towards formulating, implementing and monitoring policies and programs on international trade, industrial growth and entrepreneurship development. He is an honorary member of the ASEAN Federation of Engineering Organisations and a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration.

Tan Sri Abdul Rahman is also a Director of Parkson Holdings Berhad, Bioalpha Holdings Berhad and Dagang NeXchange Berhad (formerly known as Time Engineering Bhd).

Tan Sri Rahman has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.





Y. BHG. TAN SRI DATO' LAW TIEN SENG

Executive Deputy Chairman Malaysian, age 62

Tan Sri Dato' Law Tien Seng was appointed to our Board as the Deputy Chairman and Non-Independent Non-Executive Director on 1 June 2010. He was re-designated as Executive Deputy Chairman on 3 August 2011.

He is a businessman and owns a group of companies which are diversified in various industries engaged in mining, manufacturing of steel products, property development and investment. He currently serves on the board of several private limited companies in Malaysia. Tan Sri Dato' Law has no family relationship with any Directors of the Company. He is deemed to have interest in HTVB via his indirect interest in TS Law Investments Limited, a major shareholder of HTVB. He has no conflict of interest with the Company and has no convictions for any offences over the past ten years.

He has attended all the 5 board meetings of HTVB held during the financial year ended 31 July 2015.

NG SOON LAI @ NG SIEK CHUAN

Independent Non-Executive Director Malaysian, age 61 Chairman of the Audit Committee

Mr. Ng Soon Lai was appointed to our Board as Independent Non-Executive Director on 18 August 2009.

He is a fellow member of the Institute of Chartered Accountants in England & Wales. He has had several years of experience in the accounting profession with Coopers & Lybrand in London & Kuala Lumpur before moving on to the financial sector in 1980. Prior to joining Alliance Bank in July 1991 as General Manager of Credit, he had served in various positions in a leading local merchant Bank & finance company. He was appointed as the Chief Executive Director of Alliance Bank Malaysia Berhad in 1994 and to the Board of Alliance Merchant Bank Berhad in 2002 until his resignation in 2005. Since then, he has held the post of Independent Director in several public listed companies. Mr. Ng is presently a Director of Deutsche Bank (Malaysia) Berhad, Tune Protect Group Berhad (formerly known as Tune Ins Holdings Berhad) and ELK Desa Resources Berhad.

He has no family relationship with any Directors and/or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

LEOW HOI LOONG @ LIOW HOI LOONG

Independent Non-Executive Director Malaysian, age 61 Chairman of the Risk Management Committee Member of the Audit Committee Member of the Remuneration Committee Member of the Nomination Committee Member of the ESOS Committee

Mr. Leow Hoi Loong @ Liow Hoi Loong was appointed to our Board as Independent Non-Executive Director on 13 December 2012.

He is a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom. He started his career with American International Assurance Co. Ltd. in 1977 as Marketing Executive in marketing of financial services. In 1979, he joined Pacific Bank Berhad as Regional Credit Officer and was later made the Accountant at the Bank's Head Office until 1982. He then joined the Low Yat Group and AP Land Bhd as Group Financial Controller and Company Secretary and served the position for six years (1982 – 1988). He was a Corporate and Institutional Dealer with TA Securities Berhad from 1988 to 2002.

LEE CHING KION

Independent Non-Executive Director Malaysian, age 61 Member of the Audit Committee Member of the Risk Management Committee Member of the Nomination Committee

Mr. Lee Ching Kion was appointed to our Board as the Executive Director and Group Chief Operating Officer on 1 June 2010. Mr. Lee was then re-designated as Non-Independent Non-Executive Director on 29 March 2012 and on 26 September 2014, he was re-designated as Independent Non-Executive Director.

Mr Lee obtained his Bachelor of Science with Honours degree in Metallurgy and Materials Science from University of Nottingham, England. He was with Yodoshi Malleble (M) Sdn Bhd from 1979 to 1981. He then joined Jebsen-Jessen Engineering Sdn Bhd as Degussa Sales Engineer in 1981. In 1983, he left to join Amsteel Mills Sdn Bhd as Sales Engineer and later as Head of Research & Development and Quality Control Department. He was there for seven (7) years. He joined Wuthelam Holding (M) Group of Companies as General Manager in 1990 and was later appointed as a Director in 1991 until he left in 1997.

Subsequently, he was with DNP Holdings Berhad as

Mr. Leow owns and manages several private companies involved in property investment, retailing business and industrial property development. He is holding a dealer's representative license from M&A Securities Berhad.

Mr. Leow has no family relationship with any Directors and/ or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

He has attended 4 out of the 5 board meetings of HTVB held during the financial year ended 31 July 2015.

Head of Property/Business Division from 1997 to 2001. From 2001 to 2003, he was concurrently the Managing Director of Posim Berhad, the Chief Executive Officer of Bright Steel Sdn Bhd and the Commercial Director of Steel Division, all within the Lion Group. He resigned from all his positions within the Lion Group in June 2003. He was also the Director of Malayawata Steel Berhad, Magna Prima Berhad, Melewar Industrial Group Berhad, Hua Joo Seng Enterprise Berhad and Mid West Ltd, an Australian company.

He currently serves on the board of several private limited companies.

Mr. Lee has no family relationship with any Directors and/ or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

DIRECTORS' PROFILE (Cont'd)

SUN YANMIN

Non-Independent Non-Executive Director Chinese, age 37

Mr Sun YanMin was appointed to our Board as Non-Independent Non-Executive Director on 29 June 2015. He is also the Director of Eastern Steel Sdn Bhd, a 55% owned jointly controlled entity of HTVB.

Mr. Sun holds a Bachelor of Arts from Zhengzhou University and a Juris Master from Renmin University of China. He started his career in 2003 as a project manager of China Shougang International Trade & Engineering Corporation ("CSGI") Equipment Importing Department and took charge of business involving the importation of complete sets of equipment for the galvanization production line with an annual output of 375,000 tons as well as spare parts for other plants of Shougang Group. He then worked as a secretary of Shougang Group Office from 2005 to 2012; assisting group executives with management administration, development planning and corporate culture etc. Thereafter he worked as the assistant of Chief of CSGI Investment Management Department and also as the head of Domestic Investment Project Management Office of Investment Management Department, taking charge of the Domestic Project Management Office and assisting the chief of CSGI Investment Management Department to research on corporate development strategies as well as development planning, evaluation of potential investment projects, preliminary affairs and routine management of CSGI invested project.

Mr. Sun has no family relationship with any Directors and/ or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

He has attended 1 out of the 5 board meetings of HTVB held during the financial year ended 31 July 2015. The 4 meetings that he did not attend were held prior to his appointment.



FOO KOK SIEW

Executive Director Malaysian, age 54 Member of the Risk Management Committee Member of the Remuneration Committee Member of the ESOS Committee

Mr. Foo Kok Siew was appointed to our Board as Independent Non-Executive Director on 24 February 2010. He was re-designated as Executive Director on 1 January 2013.

Mr. Foo holds a Bachelor of Economics Degree from Monash University, Melbourne. He started his career at the Chase Manhattan Bank, Kuala Lumpur in 1985 and since then, he has held senior positions with various corporations including Carr Indosuez Asia Limited, Hong Kong, Insas Berhad, HLG Capital Berhad and Kejora Harta Berhad. He was the Chief Executive Director of Alliance Investment Bank Berhad (2004 to 2006). He is currently an Independent Non-Executive Director of Inari Amertron Berhad and he also sits on the board of several other private limited companies.

Mr. Foo has no family relationship with any Directors and/ or Major Shareholders of the Company, nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.

DIRECTORS' PROFILE (Cont'd)

TAN SHAU MING

Executive Director Malaysian, aged 52

Mr. Tan Shau Ming was appointed to our Board as Executive Director on 26 September 2014.

Mr. Tan joined the HSBC Group upon completion of his "A: level examinations in 1982. During his career at HSBC, he has been honored with the "Top Marketing and Retainer Achiever for Personal Banking" and also the "Top Sales Performer" awards. He held the position of Project Liaison Officer for Regional East Coast until his resignation from HSBC in 1999.

Mr. Tan was an Executive Director at TAP Resources Berhad ("TAP") from 1999 until 2004, and he was also a member of its Remuneration Committee. His responsibilities in TAP included Properties Developments, Human Resources and Administration. Thereafter, he joined Ji Kang Dimensi Sdn Bhd ("JK"), a Hot Rolled Steel Plates manufacturing company based in Gebeng, Kuantan as its Executive Director until 2012. His responsibilities in JK included Factory Operations, Logistic and Transportations. In March 2012, Mr. Tan joined Alpine Pipe Manufacturing Sdn Bhd, a wholly owned subsidiary of HTVB as the Chief Production Officer. His scope of responsibilities has since been expanded to include oversight of all the Group's Manufacturing Operations, Human Resource, Warehousing, Transportation Services and Administration. Mr. Tan also holds the position of Personal Assistant to the Executive Deputy Chairman.

Mr. Tan has no family relationship with any Directors and/ or Major Shareholders of the Company nor any conflict of interest with the Company. He has no convictions for any offences over the past ten years.



CHAIRMAN'S STATEMENT



On behalf of the Board of Directors of Hiap Teck Venture Berhad ("HTVB"), I am pleased to present the annual results of the Company and its subsidiaries for the financial year ended 31 July 2015.

OPERATING ENVIRONMENT

While domestic demand for steel consumption has continued to grow steadily in 2014 owing to the number of housing development and infrastructure projects, the local steel industry has not fared as well due to persistent influx of cheap imports predominantly from China that has flooded the market, which have put pressure on selling prices and adversely affected the performance of the local steel players. The impact is further compounded by the weakening Ringgit.

The economic slowdown in China has dealt a massive blow to the global steel industry. China being the world's largest steel producer, is reeling under overcapacity and has resorted to exporting its steel products aggressively. China is now the biggest steel exporter to ASEAN.

FINANCIAL PERFORMANCE

The Group recorded higher revenue of RM1.258 billion for FY 2015 compared to RM1.110 billion revenue achieved in the preceding financial year. However, a loss before tax of RM66.46 million was registered for the financial year 2015 as compared to a profit before tax of RM49.85 million in FY 2014. Loss after tax stood at RM76.81 million for FY 2015 whereas FY 2014 recorded a profit after tax of RM45.57 million.

The performance of the Group was affected by the loss incurred by the jointly controlled entity, as a result of the strengthening of the US Dollar. An amount of RM54.95 million of unrealized foreign exchange loss arising from USD denominated shareholders' loan was recorded in the jointly controlled entity's book. The results of the jointly controlled entity was further hit by the higher cost associated with the trial production which started during the financial year. In view of the current depressed market prices of slabs, soft demand and the increased volatility of foreign exchange rates, the jointly controlled entity has temporarily suspended its trial production in October 2015 as part of the strategy to minimize losses. The Group has in the FY 2015, made a provision of RM55 million for the impairment of its investment in the jointly controlled entity.

The Group's other business units shown a profit before tax before of RM48.21 million (before impairment for investment of RM55 million) in FY 2015 as compared to RM49.37 million in FY 2014. The lower profit before tax in FY 2015 was mainly due to a write down of inventories of RM8.81 million in the financial year from the caving-in incident which happened at one of the Group's factory in Klang. The incident resulted in failure of the existing concrete slab, surrounding structure and the hot-rolled coils at the particular areas to sink into the soft ground underneath.

CHAIRMAN'S STATEMENT (Cont'd)



DIVIDENDS

The Board of Directors is pleased to recommend for shareholders' approval at the forthcoming Annual General Meeting ("AGM"), a single tier final dividend of 0.30 sen per share for the Financial Year ended 31 July 2015. If approved by the shareholders at the AGM on 15 December 2015, the final dividend will be paid on 27 January 2016.

CORPORATE DEVELOPMENT

The Company's investment in the integrated steel mill in Teluk Kalung Industrial Estate, Kemaman, Terengganu, a joint-venture project with China Shougang International Trade and Engineering Corporation is completed and has started trial production in January 2015. However the trial production has been temporarily suspended in October 2015 due to losses incurred resulted from higher cost of trail production, the current depressed market prices of slabs and soft demand.

The Group's wholly owned subsidiary, Huatraco Scaffold Sdn. Bhd, had on 23 December 2014 subscribed for 48% stake in Huatraco GES Scaffold Sdn Bhd (formerly known as Satin Prestasi Sdn. Bhd). Huatraco GES Scaffold Sdn. Bhd. is a registered supplier to supply products/ services to exploration and oil/gas companies in Malaysia by Petronas. It is principally engaged in the business of selling, distributing and marketing the scaffolding frame and accessories, formwork, welded steel pipes, hollow sections ("Products") and providing the installation, dismantle, repair and such other relevant services in relation to the Products for the oil and gas industry.

The subscription of shares in Huatraco GES Scaffold Sdn. Bhd. open up a new market for the Group's scaffolding division; enable the division to supply its scaffolding to the oil and gas industry. The Company is proposing to undertake the following proposal:

- Rights (i) A Renounceable Issue of gu to RM213,718,300.00 nominal value of five (5)-year 5% Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) existing ordinary shares of RM0.50 each in the Company ("HTVB shares" or "shares") held on an entitlement date to be determined later together with up to 320,577,450 free detachable warrants ("new warrants") on the basis of three (3) new warrants for every four (4) RM0.50 nominal value of RCUIDS subscribed ("Proposed Rights Issue");
- (ii) A Bonus issue of up to 213,718,300 new HTVB shares to be credited as fully paid-up ("bonus shares") on the basis of one (1) bonus share for every two (2) RM0.50 nominal value of RCUIDS subscribed by the entitled shareholders of the Company and/or their renounce(s) pursuant to the proposed rights issue ("Proposed Bonus Issue");
- (iii) An increase in the authorised share capital of the Company from RM1,000,000,000 comprising 2,000,000,000 HTVB shares to RM2,000,000,000 comprising 4,000,000,000 HTVB shares ("Proposed ISAC"); and
- (iv) An amendment to the Memorandum and Articles of Association of the Company ("Proposed Amendments").

The Proposed Rights Issue, Proposed Bonus Issue, Proposed ISAC and Proposed Amendments (collectively referred to as "Proposed Corporate Exercise") are inter-conditional upon each other.

The Proposed Corporate Exercise has been approved by the relevant authorities. However, having considered the current challenging market conditions, the Company has decided that the Proposed Corporate Exercise be implemented at a later date when both market conditions as well as investors' sentiment and confidence have improved and the Company's share price performance has recovered and stabilised. The Company has received the approval for the extension of time to dispatch Circular for the proposed Corporate Exercise.

CHAIRMAN'S STATEMENT (Cont'd)

PROSPECTS

Steel supply and demand follow general state of economies. Thus, the 2008 crisis slowed down steel demand but production has not reacted in tandem to the decline in consumption leading to market oversupply. Excess capacity still remains as one of the main issues of the industry. It is predicted that the oversupply situation will continue over the next couple of years. This will be mainly attributed to oversupply in China as well as the declining demand across the world.

Globally the steel industry outlook has been challenging and the outlook will remain so due to slowing development in China and less demand from developed countries, which are forced to rein in their development in the face of a challenging economic environment.

According to the Malaysian Iron and Steel Industry Federation (MISIF), the domestic steel industry, in consumption terms, is expected to grow at an annual rate of 4% from 2014 to 2016. Demand for domestic steel products is expected to remain buoyant with the ongoing major construction projects under the Economic Transformation Programme. Overall the local steel market will continue to be difficult with prices remaining low and intense competition from cheap imports.

Nonetheless, the Group's key focus will be to continuously review our core strategies to improve the cost, quality and delivery of our products as well as overall operational efficiencies in pushing the Group to the fore front of the industry.

ACKNOWLEDGEMENT

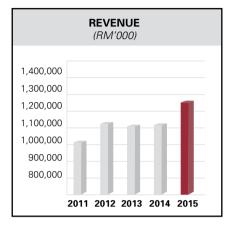
On behalf of the Board, I would like to thank our customers, suppliers and business associates for their continuous support and guidance over the years.

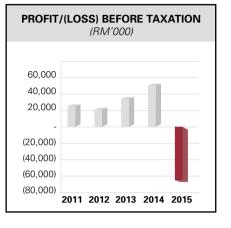
To our shareholders, we would like to extend our sincere appreciation to each of you, for your support and confidence in us and our capabilities to continue to grow the Company.

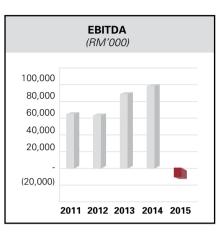
My sincere gratitude also goes to my fellow colleagues on the Board, management and staff whose commitment and hard work continue to strengthen the Group's businesses. I would like to extend the Board's appreciation to Mr. Lu Zongyou for his invaluable contributions to the Group and at the same time, take this opportunity to welcome Mr. Sun Yanmin who joined the Board recently.

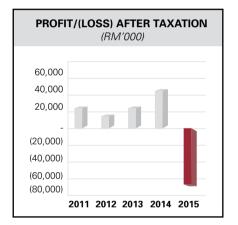
TAN SRI ABDUL RAHMAN BIN MAMAT Chairman

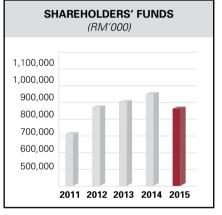


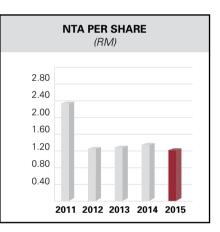




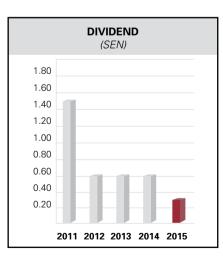












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FIVE YEAR GROUP FINANCIAL HIGHLIGHTS (Cont'd)

	2011	2012	2013	2014	2015	
Revenue (RM'000)	1,000,363	1,115,888	1,107,318	1,110,490	1,257,619	
Profit / (Loss) Before Taxation (RM'000)	25,375	20,941	34,228	49,851	(66,460)	
EBITDA (RM'000)	64,186	63,008	80,924	99,234	(10,358)	
Profit / (Loss) After Taxation (RM'000)	25,538	15,625	24,292	45,565	(76,806)	
Shareholders' Funds (RM'000)	716,747	886,837	909,013	952,633	872,941	
NTA Per Share (RM)	2.23	1.25	1.28	1.34	1.22	
Earnings Per Share (sen)	8.52	3.10	3.43	6.42	(10.88)	
Dividend (sen)	1.50	0.60	0.60	0.60	0.30	

STATEMENT ON CORPORATE GOVERNANCE

The Board of Hiap Teck Venture Berhad ("HTVB") fully supports the recommendations of the Malaysian Code on Corporate Governance 2012 ("Code") issued by the Securities Commission and Bursa Malaysia Securities Berhad ("BMSB") which sets out the broad principles and recommendations for good corporate governance and best practices for listed companies.

The Board is committed to apply the recommendations of the Code in ensuring and maintaining that good corporate governance is practised throughout the Group to effectively discharge its responsibilities to protect and enhance shareholders' value and those of the other stakeholders.

The Board of Directors is, therefore, pleased to report that this statement sets out the extent of the Group's compliance with the recommendations of the Code for the financial year ended 31 July 2015. Where there are gaps in the Company's observation of any of the recommendations of the Code, these are disclosed with explanations.

A. BOARD OF DIRECTORS

Board Charter and Board Responsibilities

Emphasising its commitment to good corporate governance practices of the Code, the Board had during the financial year 2014 formalised and adopted:-

- (a) a Board Charter that sets out, amongst others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with management and the shareholders of the Company; and
- (b) a Code of Ethics and Conduct for Directors in line with the recommendation of the Code.

The Board Charter may be viewed at the Company's website at *www.htgrp.com.my*.

The Board is primarily responsible for determining the strategic direction of the Group, monitoring and overseeing the performance of the Group's business. The Board members meet regularly to review corporate strategies, operations and the performance of business segments and bring to bear independent judgment on issues of strategy, performance, resources, governance and code of conduct and ethics to ensure that decisions made and actions taken will promote sustainability of the Group. The Board as a whole is dedicated to practise clear demarcation of duties, responsibilities and authority within the Company.

Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business. The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

In transition to implement the Code, the Company will consider formalising a Sustainability Policy which aims to endeavour to integrate the principles of sustainability into the Company's strategies, policies and procedures and ensure that the Board and senior management are involved in implementation of this policy, review the sustainability performance and create a culture of sustainability within the Company, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

Board Balance

There are eight (8) Directors on the Board; comprising one (1) Independent Non-Executive Chairman, one (1) Executive Deputy Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. Therefore, the Board is in compliance with Paragraph 15.02 of the MMLR of BMSB, which requires that at least one-third (1/3) of the Board comprises Independent Directors. A brief profile of the Board members are set out in pages 4 to 8 of this Annual Report.

The Company is led and managed by an experienced Board comprising members with a wide range of qualifications, knowledge and experience in the relevant fields such finance, accounting, metallurgy, material science, management, economics, corporate affairs, entrepreneurship and management. Collectively, the Directors bring a broad range of skills, expertise, knowledge and independent judgment to successfully direct and supervise the attainment of the Group's corporate strategy and business.

Separation of positions of Independent Non-Executive Chairman and Executive Deputy Chairman

There is a clear demarcation of responsibility and roles between the Independent Non-Executive Chairman and the Executive Deputy Chairman to ensure the balance of power and authority. The positions of Non-Executive Chairman and Executive Deputy Chairman are held by different individuals. The Chairman's main responsibility is to ensure effective conduct of the Board and Board meetings and unrestricted and timely access by all Directors to all relevant information necessary for decision making. The Chairman leads the discussion on strategies and policies recommended by the Management. The Executive Deputy Chairman assisted by the two (2) Executive Directors who are responsible for the implementation of the Board's policies and decisions as well as supervising the operation of the Group and the development and implementation of business strategies.

The Independent Directors as defined under Paragraph 1.01 of BMSB's MMLR are independent of management and are free from any business or other relationships that could interfere with the exercise of their independent judgment or the ability to act in the best interests of the Company. The roles of Independent Directors are particularly important in bringing independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

Annual Assessment of Independent Directors

The Independent Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberation and decision making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

The assessment on independence of the Directors based on the provisions of the MMLR covers a series of objective tests and is carried out before the appointment of the Independent Directors. Further, the Board with assistance from the Nomination Committee will undertake to carry out annual assessment of the effectiveness of the Board as a whole, including Independent Non-Executive Directors and consider whether the Independent Director can continue to bring independent and objective judgment to the Board deliberations.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

For the financial year ended 31 July 2015, the Board assessed the independence of its Independent Non Executive Directors based on the criteria set out in the MMLR of BMSB. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company. All the Independent Directors have given written confirmation declaring their independence to the Board.

Tenure of Independent Directors

The Board in its Board Charter provided that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a non-independent director. However, the Board may, in exceptional cases and subject to the assessment of the Nomination Committee on an annual basis, recommend for an Independent Director who has served for a consecutive or cumulative term of nine (9) years or more to remain as an Independent Director subject to Shareholders' approval with justifications given.

None of the Independent Directors have served for a cumulative term of more than nine (9) years or more for the financial year ended 31 July 2015.

Board Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened as and when necessary, to inter-alia approve quarterly financial results, business plans, budgets, governance matters and other business development activities. Special Board meetings may be convened to consider urgent proposal or matters which require the expeditious review or consideration by the Board. Senior Management is invited to attend the Board meetings to advise on relevant agenda items to enable the Board to arrive at a considered decision. Strategic issues such as acquisition and disposal of the Group's investments or assets; announcements to regulators; corporate and restructuring exercises are presented to the Board for its decision to ensure that the direction and control of the Group is firmly in the Board's control. Besides Board Meetings, the Board also exercises control on matters that require Board's approval through circulation of Directors' resolutions.

Board meetings for the ensuing financial year are scheduled in advance to facilitate the Directors to plan ahead. All meetings are furnished with proper agendas with due notice issued and board papers and reports prepared by the Management which provide updates on financial, operational, legal matters and circulated prior to the meetings to all Directors with sufficient time to review them to ensure effective discussions and decision making during the meetings.

During the financial year ended 31 July 2015, five (5) board meetings were held. Details of the Board of Directors' Meetings and their attendances at these meetings are set out below. All Directors in office during the said period have attended all or the majority of the Board Meetings held and therefore, have complied with the minimum 50% meeting attendance's requirement under the MMLR of BMSB.

Name of Directors	Total Meetings Attended by Directors	Percentage of Attendance
Tan Sri Abdul Rahman Bin Mamat (Independent Non-Executive Director)	5/5	100
Tan Sri Dato' Law Tien Seng (Executive Deputy Chairman)	5/5	100
Mr. Ng Soon Lai @ Ng Siek Chuan (Independent Non-Executive Director)	4/5	75
Mr. Leow Hoi Loong @ Liow Hoi Loong (Independent Non-Executive Director)	4/5	75
Mr. Lee Ching Kion (Independent Non-Executive Director)	5/5	100
Mr. Lu Zongyou (Non-Independent Non-Executive Director) (resigned on 29 June 2015)	4/4	100
Mr. Low Choong Sing (Executive Director) (retired on 17 December 2014)	2/2	100
Mr. Foo Kok Siew (Executive Director)	5/5	100
Mr. Tan Shau Ming (Executive Director)	5/5	100
Mr. Sun Yanmin (Non-Independent Non-Executive Director) (appointed on 29 June 2015)	1/1	100

Level of Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings as set out in the table above.

Appointment to the Board

There is a formal and transparent procedure which has been endorsed by the Board for the appointment of new Directors. To facilitate appointments to the Board, the Company had set up the Nomination Committee to provide a formal and transparent procedure for appointment of new Directors to the Board.

The Nomination Committee shall be primarily responsible for identifying and recommending to the Board new candidates to be appointed as Directors to the Board and also recommending Directors to fill the seats on Board Committees.

For the financial year ended 31 July 2015, the Board through the Nomination Committee, had assessed the effectiveness of the Board as a whole and the Board Committees; contribution and performance of each individual Director; independence of independent Directors and training courses required by the Directors on an ongoing basis. The Board also reviewed the required mix of skills, experiences and other qualities including core competencies, which Independent Non-Executive Directors should bring to the Board.

The Board has no immediate plan to implement a gender diversity or target as it is of the view that the Board memberships is dependent on each candidate's skills, experience, core competencies and other qualities regardless of gender.

Retirement and Re-election

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors or if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in every three (3) years, but shall be eligible for re-election. Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the next Annual General Meeting and shall then be eligible for re-election.

Any Director who is retiring, and is eligible for re-election, is required to confirm in writing to the Board if he is or is not offering himself for re-election at the Annual General Meeting where he is due for retirement. The following Directors who are retiring at this Annual General Meeting have individually confirm in writing to the Board offering themselves for re-election:-

- Mr. Lee Ching Kion
- Mr. Foo Kok Siew
- Mr. Sun Yanmin

Pursuant to Section 129(2) of the Companies Act, 1965, Directors over seventy (70) years of age shall hold office until the next Annual General Meeting but shall be eligible for re-appointment.

Details of the Directors who submitted themselves for re-election this year are available in pages 4 to 8 of this Annual Report.

Company Secretary

The Company Secretary provides support to the Chairman of the Company to ensure the effective functioning of the Board. The Company Secretary and/or his representatives also organises and attends all Board Meetings and Board Committees' Meetings ensuring that the accurate and proper record of deliberation of issues discussed, decisions made and conclusions taken.

The Company Secretary maintains all secretarial and statutory records of the Company.

The Board has unrestricted access to the advice and services of the Company Secretary who is responsible for providing Directors with the Board papers and related matters.

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The Company Secretary also updates the Board of Directors regularly on amendments to the MMLR, practices and guidance notes or circulars issued by BMSB from time to time and on the development of or amendments to the Companies Act, 1965. In addition, the Company Secretary serves notices to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the MMLR, ensuring all appointments and resignation of directors are in accordance with the relevant legislation and the Board Performance Assessment are properly executed.

The Company Secretary is appointed and can be removed by the Board of Directors.

Supply and Access to Information

The Directors are supplied with and have unrestricted access to information pertaining to the Group's business and affairs to enable them to discharge their duties effectively. This information includes both verbal and written details.

All scheduled meetings held during the year were preceded by a formal agenda issued by the Company Secretary in consultation with the Chairman. Prior to meetings, appropriate documents which include the agenda and reports relevant to the issues of the meetings are circulated to all members. All Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that Directors have sufficient time to appreciate issues to be deliberated at meetings which in turn enhances the decision making process.

All Directors have access to further information which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense. They also have access to the advice and services of the Company Secretary.

Directors' Training

Directors are encouraged to attend trainings, seminars and/or conferences to keep abreast with development in the industry and market place. All members of the Board have attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn. Bhd.

The Directors had during the financial year ended 31 July 2015, evaluated their own training needs and attended seminars, conferences and forums which they considered as relevant and useful and would strengthen their contribution to the Group. Append below are some of the training/seminars attended by the Directors:-

- 1. B20 Taskforce for G20 Meeting Turkey
- 2. Risk Management & Internal Control : Workshops for Audit Committee Members
- 3. Board Chairman Series Part 2 Leadership Excellence from the Chair
- 4. CG Breakfast Series with Directors Bringing the Best out in Boardrooms
- 5. Focus Group Discussion on Strengthening Corporate Governance Disclosure amongst the Listed Issuers
- 6. Bank Negara Malaysia Conference on Intellectual Property
- 7. ASEAN Corporate Governance
- 8. Corporate Strategic Analytics 1 : Essential of Corporate Proposal Analysis
- 9. Shougang's Directive Opinions on Deepening the Reforms in an all-round way
- 10. The Spirit of COC's central Economic Work Conference
- 11. Corporate Creation and Reformation

In addition to the above, the Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time to the Board's reference and brief the Board quarterly on these updates, where applicable, at Board Meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year. Throughout their period in office, the Directors are continually updated on the Group's business and the regulatory requirements.

Board Committees

The Board delegates certain responsibilities to the respective committees of the Board which operate with clearly defined terms of reference. These committees have the authority to examine particular issues and report to the Board with their proceedings and deliberations.

The following Board Committees have acted within the framework of the remit specified by the Board. These committees have periodically made proposals to improve and enhance the role of the Board in governance processes.

The Company has five (5) principal Board committees. Below is a general description of some of the basic functions of the respective Board committees.

a. Audit Committee

The Audit Committee which comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors and of the integrity of the Group's financial statements. It is also responsible for reviewing the effectiveness of internal controls system. Further details of the Audit Committee are contained in the Audit Committee's Report on pages 33 to 37 of this Annual Report.

b. Nomination Committee

All members of the Nomination Committee are Independent Non-Executive Directors.

The members of the Nomination Committee are:

Name	Designation	Directorship
Tan Sri Abdul Rahman Bin Mamat	Chairman	Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director
Mr. Lee Ching Kion	Member	Independent Non-Executive Director

The Nomination Committee has been entrusted with the responsibility of proposing and recommending new nominees to the Board and of assessing Directors on an on-going basis based on the following evaluation criteria:-

- skills, knowledge, expertise and experience;
- professionalism;
- commitment (including time commitment) to effectively discharge his/her role as Director;
- contribution and performance;
- boardroom diversity including gender diversity;
- background, character, integrity and competence; and
- in the case of candidates for the position of Independent Non-Executive Directors, to evaluate the candidates' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors.

During the year under review, the Nomination Committee had considered the resignation of Mr. Lu Zongyou and the appointment of Mr. Sun Yanmin to replace the former and had recommended the said resignation to be accepted and the appointment to be made by the Board.

However, the actual decision as to who shall be appointed remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

The Nomination Committee serves to ensure that the Company has an effective Board comprising Directors of required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board. The Nomination Committee assesses annually the effectiveness of the Board, its Committees and the contribution of each individual Director including Independent Non-Executive Directors via a self evaluation process moderated by the Chairman of the Nomination Committee.

The Company engages the service of the Company Secretary to ensure the appointment of each of its Directors is properly made. The Nomination Committee has met twice during the financial year in which all members have attended the meeting.

The Terms of Reference of the Nomination Committee are as follows:-

1. Composition

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise exclusively of Non-Executive Directors, majority of whom are independent.

The Committee shall consist of at least three (3) members.

2. Quorum

Two (2) members shall form a quorum for meetings provided that the two (2) are independent Directors.

3. Chairman

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Director. In the absence of the Chairman of the Nomination Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

4. Secretary

The Secretary to the Nomination Committee shall be the Company Secretary.

5. Meetings and Minutes

- a) The Nomination Committee shall meet at least once a year or at such other times as the Chairman of the Committee deems necessary.
- b) Minutes of meeting shall be recorded and kept.
- c) Question arising shall be decided by a majority of votes. In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.
- d) Other Directors or persons may attend a Nomination Committee Meeting only at the invitation of the Committee.

6. Scope of Duties and Responsibilities

- a) To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Committee should assess and consider the candidates' :-
 - skills, knowledge, expertise and experience;
 - professionalism;
 - commitment (including time commitment) to effectively discharge his/her role as Director;
 - contribution and performance;
 - boardroom diversity including gender diversity;
 - background, character, integrity and competence; and
 - in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities / functions as expected from independent non-executive directors.
- b) To review and assess annually the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
- c) To identify and propose new nominees for appointment to the Board of Directors.
- d) To assess annually the contribution of each individual Director including his time commitment, character, experience and integrity. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions shall be properly documented.
- e) To assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director, including independent non-executive directors, as well as the chief executive officer. All assessments and evaluations carried out by the Committee in the discharge of all its functions should be properly documented.
- f) To recommend to the Board, the Directors to fill the seats on Board Committees.
- g) To review annually the Board's required mix of skills, knowledge and experience and other qualities including core competencies which non-executive Directors should bring to the Board. This should be disclosed in the Annual Report.
- h) To determine annually whether or not a Director is Executive, Non-Executive or Independent.
- i) To recommend to the Board for continuation (or not) in service of executive Director(s) and Directors who are due for retirement by rotation.
- j) To consider candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder.
- k) To carry out annually a process for assessing the effectiveness of the Board.
- I) To develop and review the criteria used for the selection process of a new directors and annual assessment of the board, board committees and individual directors. The nomination and election process shall be disclosed in the Annual Report.
- m) To formulate a policy on Board composition including mix of skills, independence and diversity (including gender diversity).
- n) To assess annually the independence of the Directors who have served on the Board for a cumulative term of more than nine (9) years for appointment or otherwise. This activity shall be disclosed in the Annual Report of the Company and in any notice of a general meeting for the appointment and re-appointment of independent directors.
- o) To review annually the training and professional development programmes for the Board.
- p) To develop succession plans in order for the Board to maintain appropriate experience, expertise and diversity (including gender diversity).

7. Reporting Procedures

- a) The actual decision as to who shall be appointed to the Board shall be the responsibility of the full Board after considering the recommendation of the Committee.
- b) The Nomination Committee should report to the full Board for its consideration and implementation.

c. Remuneration Committee

The members of the Remuneration Committee are:

Name	Designation	Directorship
Tan Sri Abdul Rahman Bin Mamat	Chairman	Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director
Mr. Foo Kok Siew	Member	Executive Director

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the Executive Directors and Senior Management, whilst the Board as a whole determines the remuneration of the Non-Executive Directors. The individual Directors concerned abstain from decision in respect of their individual remuneration.

The remuneration of Directors is determined based on the responsibility, contribution and performance of each Director. It is the Company's policy to link the Executive Directors' rewards to individual and corporate performance whilst the remuneration of the Non-Executive Directors including the Non-Executive Chairman is determined in accordance with their experience and the level of responsibilities assumed. Fees payable to all Non-Executive Directors are proposed at the Annual General Meeting for the shareholders' approval.

There were two (2) Remuneration Committee Meetings held during the financial year i.e. on 17 December 2014 and 29 June 2015 and were attended by all the Remuneration Committee members.

The Terms of Reference of the Remuneration Committee are as follows:-

1. Composition

The Committee shall be appointed by the Board from amongst the Directors of the Company consisting wholly or mainly of non-executive Directors.

It shall consist of not less than three (3) members.

2. Quorum

Two (2) members shall form a quorum for meetings.

3. Chairman

The members of the Committee shall elect a Chairman from among their members who shall be an Independent Non-Executive Director. In the absence of the Chairman of the Remuneration Committee, the remaining members present shall elect one of their members as Chairman of the meeting.

4. Secretary

The Secretary to the Remuneration Committee shall be the Company Secretary or his representative(s).

5. Meetings and Minutes

- a) The Remuneration Committee shall meet at least once a year or at such other times as the Chairman of the Committee deems necessary.
- b) Minutes of meetings should be recorded and kept.
- c) Question arising shall be decided by a majority of votes and determination by a majority of members shall for all purposes be deemed a determination of the Remuneration Committee.
- d) In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote provided that where two (2) members form a quorum, the Chairman of the meeting at which only such a quorum is present, or at which only two (2) members are competent to vote on the question at issue, shall not have a casting vote.

6. Scope of Responsibilities

- a) To recommend to the Board the framework of Executive Directors' remuneration and the remuneration package for each Executive Director, drawing from outside advice as necessary.
- b) To recommend to the Board, guidelines for determining remuneration of Non-Executive Directors.
- c) To recommend to the Board any performance related pay schemes for Executive Directors.
- d) To review Executive Directors' scope of service contracts.
- e) To consider the appointment of the service of such advisers or consultants as it deems necessary to fulfil its functions.

7. Reporting Procedures

- a) The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendation of the Committee.
- b) Executive Directors do not participate in discussion on their own remunerations.
- c) The determination of remuneration packages of Non-Executive Directors should be a matter for the Board as a whole.
- d) Level of remuneration should be sufficient to attract and retain the Directors needed to run the Company successfully.
- e) Membership of the Remuneration Committee.
- f) Decisions and recommendations of the Committee shall be reported to the Board.

d. Risk Management Committee

The Risk Management Committee ("RMC") has been delegated by the Board to assume responsibility for the Group's risk oversight. The RMC provides oversight, direction and counsel to the Group risk management process and shall consider any matter relating to the identification, assessment, monitoring and management of any risk associated with the Group that it deems appropriate.

The RMC meets quarterly with additional meetings convened to attend to urgent matters that require its deliberation. There were four (4) RMC meetings held during the financial year, i.e. on 26 September 2014, 17 December 2014, 26 March 2015 and 29 June 2015, and were attended by all the members of RMC. The RMC reviews the Assessment Report prepared by the Risk Management Working Committee on a quarterly basis.

The members of the RMC are as follows:

Name	Designation	Directorship
Mr. Leow Hoi Loong @ Liow Hooi Long	Chairman	Independent Non-Executive Director
Mr. Lee Ching Kion	Member	Independent Non-Executive Director
Mr. Foo Kok Siew	Member	Executive Director

e. Employees' Share Option Scheme ("ESOS") Committee

At an extraordinary general meeting held on 23 November 2011, the Company's shareholders approved the establishment of ESOS to eligible Directors and employees of the Group. An ESOS Committee is set up to administer the ESOS Scheme which is governed by ESOS By-Laws.

The members of the ESOS committee are :

Name	Designation	Directorship
Tan Sri Abdul Rahman Bin Mamat	Chairman	Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director
Mr. Foo Kok Siew	Member	Executive Director

The ESOS Committee has met once (1) during the financial year ended 31 July 2015 i.e. on 17 December 2014 for the following purposes and attended by all the members:-

- to note the result of the performance target for Tranche 2 of the First Offer of Options.
- to propose to the Third Offer of Options to the Board of Directors for approval.
- to recommend the Option Price to the Board of Directors for approval.

B. DIRECTORS' REMUNERATION

The remuneration policy of the Company for the Executive Directors are structured to link rewards to corporate and individual performance in order to retain Directors with the relevant skills and experience to meet the challenges of the Group.

The Non-Executive Directors' remuneration comprises only annual fees and meeting allowances that reflect their expected roles and level of responsibilities, including any additional work and contributions required.

The following are the remuneration bands of the Directors:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,001 - RM100,000	-	5*
RM550,001 - RM600,000	1	-
RM1,100,001 - RM1,150,000	1	-
RM2,450,001 - RM2,500,000	1	-

*Remarks:-

*One of the Non-Executive Directors' remuneration was paid by the jointly controlled entity, Eastern Steel Sdn. Bhd. (ESSB)

The aggregate remuneration paid/payable to all Directors of the Company are further categorized into the following components:

	Fees E (RM)	Salaries & Other moluments (RM)	Benefits -in-kind (RM)	Total (RM)
Executive Directors	-	4,163,483	-	4,163,483
Non-Executive Directors	315,000	108,771*		423,771

* Salaries and other emoluments paid by ESSB was RM90,771.

C. SHAREHOLDERS COMMUNICATION AND INVESTORS RELATIONS

The Board recognises the importance of effective communication with shareholders and investors.

Information is disseminated through various disclosures and announcements made to BMSB which includes financial with results and corporate developments. The Company's website at *www.htgrp.com.my* provides shareholders and investors with the overview information of the Group's business, the latest updates of the Company and the announcements and particularly the quarterly financial results made via Bursa Link. Shareholders and investors may contact the persons identified in the website to enquire more about the Company and the Group.

The Company meets financial analysts, as and when requested, to give them an overview of the Group's performance and operations. Through these channels, the Company has the opportunity to directly address, explain or clarify issues that investors and analysts may have regarding the business, operations and prospects of the Group.

The Annual General Meeting is the principal forum for dialogue with all shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. The Notice of the Annual General Meeting will be circulated at least twenty-one (21) days before the date of the meeting to enable shareholders sufficient time to peruse the Annual Report and papers supporting the resolutions proposed.

At the General Meetings, the Board provides opportunities for shareholders to raise questions on the business activities of the Group, agenda of the meetings and its proposed resolutions. The Chairman of the meeting will facilitate the discussion with the shareholders and provide further information in response to shareholders' queries. The Board encourages participation at general meetings and will generally carry out resolutions by show of hand, except for Related Party Transaction if any (wherein a poll will be conducted) and unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company. The Chairman of the Board will inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

The Audit Committee is available at the Annual General Meeting to answer questions and consider suggestions. The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

The Board has identified Mr. Ng Soon Lai @ Ng Siek Chuan as the Senior Independent Non-Executive Director to whom concerns may be conveyed. The Senior Independent Non-Executive Director provides a secure and confidential channel to address any concerns conveyed to him directly on matters relating to the Company through e-mail (ngsiekchuan@ htgrp.com.my).

D. ACCOUNTABILITY AND AUDIT

i. Financial Reporting

The Board upholds integrity in financial reporting by ensuring that shareholders are provided with reliable information of the Company's financial performance, its position and future prospects in the Annual Audited Financial Statements and quarterly financial reports.

The Board is also responsible for ensuring that the financial statements of the Company and of the Group are made out in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act,1965. The Board also ensures that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period. The Board through the review by the Audit Committee and in consultation with the External Auditors, presents a balanced and understandable assessment of the Group's financial position and prospect to the shareholders, investors and regulatory authorities.

Suitability and Independence of External Auditors

The External Auditors have also confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

ii. Statement of Directors' Responsibility for Preparing the Financial Statements

The Board of Directors is required under Paragraph 15.26(a) of BMSB's MMLR to issue a statement explaining their responsibility in the preparation of the annual financial statements. The Directors are also required by the Companies Act, 1965 to prepare financial statements for each financial year, which have been made out in accordance with the approved accounting standards and to give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year.

The Directors are responsible for keeping proper accounting records, which are disclosed with reasonable accuracy at any time the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

In preparing these financial statements, the Directors have:-

- selected appropriate accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- ensured that all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group has adequate resources to continue in operational existence for the foreseeable future.

iii. Internal Control

The Board acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' interest and the Group's assets. An internal audit function was established to assist the Audit Committee in reviewing the state of risk management and internal control of the Group and to highlight areas for Management's improvement. The state of internal control of the Group is explained in greater detail in the enclosed Statement on Risk Management and Internal Control.

iv. Relationship with Auditors

The Group has established a formal, transparent and professional relationship with its External Auditors. The Audit Committee reviews the audit plans, scope of audit and audit report as well as their professional fees, performance and appointment. The appointment of the External Auditors is subject to the approval of the shareholders at the General Meeting of the Company.

The External Auditors are invited to attend Audit Committee meetings when necessary. The External Auditors present their audit plans, report their findings to the Audit Committee and discuss with the Board of Directors on matters that necessitate the Board's attention.

The Audit Committee had met with the External Auditors on 26 September 2014 and 29 June 2015 without the presence of the Executive Directors and the Management.

ADDITIONAL INFORMATION

1. SHARE BUY-BACK

Detail of shares buy-back during the financial year ended 31 July 2015 are as follows:

Month	No. of Shares Buy-Back (RM)	Lowest Price (RM)	Highest Price (RM)	Average Price (RM)	Total Consideration (RM)
Dec' 14	1,000	0.580	0.580	0.580	580
Total	1,000			0.580	580

As at end of the financial year:

a. A total of 5,482,000 shares bought back were held as treasury shares and carried at cost; and

b. No shares had been cancelled.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the current financial year ended 31 July 2015, a total of 434,000 new ordinary shares were issued and allotted pursuant to the exercise of the Employees' Share Option Scheme ("ESOS"). The details of the issued and paid-up share capital of the Company as at 31 July 2015 are as follows:-

	No. of Shares	RM
As at 1 August 2014	717,956,808	358,978,404.00
Ordinary shares of RM0.50 each issued pursuant to the ESOS	434,000	217,000.00
As at 31 July 2015	718,390,808	359,195,404.00

Other than the above, there was no issuance of convertible securities during the financial year.

3. DEPOSITORY RECEIPT PROGRAMME

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 July 2015.

4. IMPOSITION OF SANCTIONS/PENALTIES

There were no public sanctions and/or public penalties imposed on the Company and its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year ended 31 July 2015.

5. NON-AUDIT FEES

A non-audit fees of RM20,000 was incurred for services rendered to HTVB or its subsidiaries for the financial year ended 31 July 2015 by the External Auditors or a firm or company affiliated to the External Auditors.

6. VARIATION IN RESULTS

There was no material variance between the results for the financial year ended 31 July 2015 and the unaudited quarterly results previously announced.

7. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year.

8. UTILISATION OF PROCEEDS

There were no proceeds raised by the Group from any corporate proposals during the financial year.

9. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts by the Company and/or its subsidiaries involving Directors' and major shareholders' interest.

10. REVALUATON POLICY

The Group's revaluation policy is stated in the summary of significant accounting policies in the financial statements.

11. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The Company has on its Annual General Meeting held on 17 December 2014 sought approval for a shareholders' mandate for the Group to enter into recurrent related party transactions of revenue or trading nature.

The aggregate value of recurrent related party transactions conducted during the financial year ended 31 July 2015 in accordance with the shareholders' mandate obtained in the last Annual General Meeting were as follows:

[,] Related Parties involved with HTVB and/or its Subsidiaries	Nature of Transaction	Relationship and Nature of Interest	Value of Transaction (RM.000)
JK Ji Seng Sdn Bhd ("JKJS")	Purchase of prime Hot Rolled Steel Plates	Tan Sri Dato' Law Tien Seng is deemed interested in JKJS by virtue of him being a Director and Shareholder of T.S. Law Holdings Sdn Bhd ("TS Law") which in turn is the major shareholder of JKJS.	155,854
Eastern Steel Sdn Bhd ("ES")	Sales of steel products	HTVB owned 55% of ES, a jointly-controlled entity with Orient Steel Investment Pte. Ltd. and Chinaco Investment Pte. Ltd.	1,856
		Tan Sri Dato' Law Tien Seng is deemed interested in ES by virtue of him being a Director of ES, major Shareholder and Director of HTVB.	
		Mr. Sun Yanmin is deemed interested in ES by virtue of him being a Director of HTVB and a Director of ES.	
		Shougang International (Singapore) Pte. Ltd. is a substantial shareholder of HTVB, is deemed interested in ES by virtue of it being a major shareholder of Orient Steel Investment Pte. Ltd.	
JK Ji Seng Sdn Bhd ("JKJS")	Sales of steel by ES to JKJS	Tan Sri Dato' Law Tien Seng is deemed interested in JKJS by virtue of him being a Director and Shareholder of TS Law which in turn is the major shareholder of JKJS.	162,886
Shougang Group	Purchase of equipment, products and services	Mr. Qiu LiuZhong is deemed interested in Shougang Group by virtue of him being the Director of ES and Shougang International (Singapore) Pte. Ltd	2,356

This statement was approved by the Board on 30 September 2015

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance 2012 specify that the Board of Directors of public listed companies should establish a sound risk management framework and internal controls system to safeguard shareholders' investment and Group's assets. The Board of Directors ("the Board') is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 July 2015. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the latest "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("the Guideline") endorsed by the Bursa Malaysia Securities Berhad ("Bursa").

BOARD'S COMMITMENT AND RESPONSIBILITY

As the Group operates in a dynamic business environment, a sound risk management and internal control system must be in place to help the Group to achieve its business objectives. Therefore, the Board remains committed towards maintaining a sound system of risk management and internal control and believes that a balanced achievement of its business objectives and operational efficiency can be attained.

Principally, the responsibilities of the Board as provided in the Guideline for risk governance are:

- To embed risk management in all aspects of the Group's activities, which also encompasses subsidiaries of the Company; and
- To review risk management framework, processes, responsibilities and assessing whether the present policies and systems provide reasonable assurance that risk is managed appropriately.

The Board understands the principal risks of the business that the Group is engaged in and accepts that business decisions require the balancing of risk and return in order to reward the shareholders.

The Board delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee ("RMC"). The key function of RMC is to review and report to the Board the risks faced by the Group and the effectiveness of management measures in identification and assessment of risks as well as the design, management and monitoring of internal controls to mitigate risks.

The present composition of the RMC is as follows.

- (i) Mr. Leow Hoi Loong @ Liow Hoi Loong Independent Non-Executive Director/ Chairman
- (ii) Mr. Foo Kok Siew
- (iii) Mr. Lee Ching Kion

- Independent Non-Executive Director/ Chairn Executive Director
- Mr. Loo Ching Kien
- Independent Non-Executive Director

The RMC meets at least once every quarter and on other occasions, as and when necessary.

RISK MANAGEMENT

The key macro and micro risks of steel industry are fluctuation of steel prices and foreign currency, changes in global and local economic conditions, changes in local and overseas government policies, anti-dumping pressures as well as trade competitions, supply of labor, credit risk or risk of default by customers, high working capital holding cost, risk of funding and financing, plant interruption and monopoly of raw material supply.

In addition, the Group faces contemporary risks arising from its expansion plan. Primarily, these contemporary risks come from the challenges of funding and managing the cost of construction and deadline for completion. The incidental risks of these challenges are changes of availability of sources of fund, interest rates, construction material costs, weather condition, labor supply, site and safety conditions, machinery deployment, contractors performance and natural disaster.

The RMC is assisted by the Risk Management Working Committee ("RMWC"), which is represented by the heads of department of the various department of the Group. The roles of RMWC are to identify, measure and prioritise risks and to ensure that adequate attention and focus for risk management are placed appropriately and timely in accordance with the perceived and anticipated risk magnitude. On quarterly basis, the RMWC will re-assesses, summarises and reports the emerging risks and its profiles to the RMC for review and deliberation. The status of key risks and management actions are further presented to the Board for review and deliberation by RMC.

BOARD AND MANAGEMENT REVIEW MECHANISM

Whilst the risk management is overseeing by the RMC and RMWC, at the operational level, various management review meetings are held. Presently, the management organizes weekly Senior Management Meeting, monthly Group Management Committee Meeting and monthly operation meetings at the respective key subsidiaries. The objective of these meetings is to ensure policies, decisions and expected operational performance targets and objectives set by the top executives are communicated, understood and executed by line management. At the same time, these meetings re-enforce the monitoring and supervision controls at the line management levels.

In order to ensure the objectivity of the review of the systems of internal control in the Group, the Audit Committee is instituted by the Board to undertake this role. In conducting its review, the Audit Committee is assisted by the Internal Auditors who report to the Audit Committee quarterly on the state of control of the audited functions. Additionally, the Audit Committee obtains feedback from the External Auditors on the risk and control issues highlighted by them in the course of their statutory audit.

Management supplements the Audit Committee review on risk issues when presenting their quarterly financial performance and results to the Audit Committee. In addition, with the management consultation, the Audit Committee deliberates the integrity of the financial results, annual report and audited financial statements before recommending to the Board to be presented to the shareholders and public investors.

KEY ELEMENTS OF INTERNAL CONTROL

Apart from the above, the other key internal controls processes practised in the Group presently are as follows:

- i. The Purchasing Committee that reviews, monitor and approves purchases;
- ii. Budgetary control involving the review and approval of annual budget for the new financial year;
- iii. Organisation structure that defines the management responsibilities and its hierarchy structure of reporting lines and accountability;
- iv. Authority limits and approval processes that facilitate the delegation of authority and management succession;
- v. Centralized enterprise resource planning information system that provides on-line information and produces periodic performance reports to management for monitoring purposes; and
- vi. ISO 9001:2008 Quality Management System, EC Certification on Factory Production Control and American Petroleum Institutes ("API") manufacturing procedures in the manufacturing operations of the Group. Internal quality audits are carried out and annual surveillance audits are conducted by external certification body to provide assurance of compliance with the ISO requirements.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa's Guidelines, management is responsible to the Board for:

- identifying risks relevant to the business of the Group's objectives and strategies implementation;
- designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- identifying changes to risk or emerging risks, taking action as appropriate and promptly bringing these to the attention of the Board.

The Board has received assurance from all Executive Directors and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

BOARD ASSURANCE AND LIMITATION

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group. For the financial year under review, the Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses.

While, the Board wishes to reiterate that risk management and systems of internal control would be continuously improved in line with the evolving business development, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 July 2015. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants.

Though, RPG 5 does not require the External Auditors to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk management and internal control system, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

AUDIT COMMITTEE REPORT

The Board of Directors of Hiap Teck Venture Berhad is pleased to present the Audit Committee report for the financial year ended 31 July 2015 in compliance with Paragraph 15.15 of the Main Market Listing Requirement.

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee was established on 17 July 2003 to fulfill the principles of accountability, integrity and good corporate governance in assisting the Board in discharging its responsibilities of reviewing and monitoring the Group's financial process, audit process, statutory and regulatory compliance.

All members of the Audit Committee are Independent Non-Executive Directors.

Members of the Audit Committee	Designation	Directorship
Mr. Ng Soon Lai @ Ng Siek Chuan	Chairman	Independent Non-Executive Director
Tan Sri Abdul Rahman Bin Mamat	Member	Independent Non-Executive Chairman
Mr. Lee Ching Kion	Member	Independent Non-Executive Director
Mr. Leow Hoi Loong @ Liow Hoi Loong	Member	Independent Non-Executive Director

TERMS OF REFERENCE OF THE COMMITTEE

1. Appointment/Composition:

- 1.1 The members of the Audit Committee shall be appointed by the Board.
- 1.2 The Audit Committee shall consist of not less than three (3) members of whom:
 - a) all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors;
 - b) at least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience; and
 - he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
 - he must be a member of one (1) of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
 - (iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad ("Bursa Securities").

AUDIT COMMITTEE REPORT (Cont'd)

- 1.3 No Alternate Director shall be appointed as a member of the Audit Committee.
- 1.4 A quorum shall be two (2) members and composed of a majority of Independent Directors.
- 1.5 The Chairman of the Audit Committee shall be appointed by the members of the Audit Committee among their number and he shall be an Independent Director.
- 1.6 The Board must review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.
- 1.7 The Board shall, within three (3) months of a vacancy occurring in the Audit Committee which result in the number of members to be reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. Procedures of Audit Committee

An Audit Committee may regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the proper agenda of meeting;
- (d) the voting and proceedings of such meetings;
- (e) the keeping of minutes; and
- (f) the custody, production and inspection of such minutes.

3. Meetings:

- 3.1 Meetings shall be held not less than four (4) times in a year. In addition, the Chairman may call a meeting of the Audit Committee if a request is made by any Audit Committee member, the Company's Chairman or the Internal or External Auditors, where necessary.
- 3.2 Meetings will be attended by the members of the Audit Committee and the Company Secretary or his/her representative who shall act as the Secretary.
- 3.3 Participants may be invited from time to time to attend the meeting depending on the nature of the subject under review. These participants may include the Directors, the Goup Chief Financial Officer, General Managers, Division Heads, representatives from the Finance Departments, Internal Auditors and External Auditors.

4. Authority:

- 4.1 The Audit Committee is authorised by the Board to carry out the duties mentioned below and the Board and Management shall give all assistance that is necessary to enable the Audit Committee to discharge its duties.
- 4.2 The Audit Committee shall, whenever necessary and reasonable for the performance of its duties and in accordance with the procedure to be determined by the Board and at the Company's cost:
 - (a) have authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;
 - (d) have direct communication channels with the Internal Auditors and person(s) carrying out the internal audit function or activity;
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings at least two times a year with the External Auditors, the Internal Auditors or both, excluding the attendance of Executive Directors, management and employees of the Company, whenever deemed necessary.

5. Functions and Responsibilities:

The functions and responsibilities of the Audit Committee shall include the following:

- 5.1 to discuss and liaise with the External Auditors to ensure the smooth implementation of the audit plan, review and forward the evaluation of the system of internal controls and audit report to the Board;
- 5.2 to review the assistance given by employees of the Group to the External Auditors;
- 5.3 to review the External Auditor's management letter and management's response;
- 5.4 to do the following in relation to the internal audit function:-
 - to review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - to review the internal audit programme, processes, the results of theinternal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - to review any appraisal or assessment of the performance of the outsourced internal audit function;
 - to approve any appointment or termination of the outsourced internal audit function; and
 - to take cognizance of resignations of the outsourced internal auditors and provide aopportunity to submit the reasons for resigning.
- 5.5 to review quarterly reports and annual financial statements prior to the approval of the Board, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
- 5.6 to review any related party transactions and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or code of conduct that raises questions of management integrity;
- 5.7 to review and report the same to the Board any letter of resignation from the External Auditors of the Company as well as whether there is any reason (supported by grounds) to believe that the Company's External Auditors are not suitable for re-appointment;
- 5.8 to review and monitor the independence and suitability of External Auditors
- 5.9 to obtain at least once a year written assurance from the External Auditors confirming that they are and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.
- 5.10 to make recommendations concerning the appointment of the External Auditors and their remuneration to the Board;
- 5.11 prompt reporting to Bursa Securities on any matter reported by the Audit Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Bursa Securities' Listing Requirements.
- 5.12 to table the reports of the Audit Committee and the External and Internal Auditors and corrective action taken for discussion by the Board of Directors.
- 5.13 to review and note the allocation of options granted under Employees Share Option Scheme.

AUDIT COMMITTEE REPORT (Cont'd)

6 Minutes:

The Secretary shall maintain minutes of the proceedings of the meetings and circulate such minutes to all members of the Audit Committee and the Board of Directors.

7 Audit Committee Report:

The Audit Committee shall ensure that an Audit Committee Report is prepared at the end of each financial year that complies with subparagraph (7.1) and (7.2) below:

- 7.1 The Audit Committee Report shall be clearly set out in the Annual Report of the Company;
- 7.2 The Audit Committee Report shall include the following:
 - (a) the composition of the Audit Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
 - (b) the terms of reference of the Audit Committee;
 - (c) the number of Audit Committee meetings held during the financial year end and details of attendance of each member;
 - (d) a summary of activities of the Audit Committee in the discharge of its functions and duties for that financial year of the Company; and
 - (e) the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanism that exist to enable the Audit Committee to discharge its functions effectively.

SUMMARY OF ACTIVITIES

The Audit Committee carried out its duties in accordance with its terms of reference during the year.

During the financial year ended 31 July 2015, the Audit Committee convened a total of four (4) meetings. The details of the attendance of the meetings are as follows:-

Members	Total Meetings Attended	Percentage of Attendance
Mr. Ng Soon Lai @ Ng Siek Chuan	3/4	75%
Tan Sri Abdul Rahman Mamat	4/4	100%
Mr. Lee Ching Kion	4/4	100%
Mr. Leow Hoi Loong @ Liow Hoi Loong	4/4	100%

There is a total of four Audit Committee Meetings held during the financial year ended 31 July 2015 and these were held on: 26 September 2014, 17 December 2014, 26 March 2015 and 29 June 2015.

The Group Chief Financial Officer attended all the Audit Committee meetings during the financial year ended 31 July 2015. The Internal Auditors attended all the scheduled quarterly Audit Committee meetings. Representatives of the External Auditors including the partner of the audit firm attended the meetings to present their Audit Planning Memorandum and to discuss any matters relating to the statutory audit of the accounts of the Company and the Group. Other Board members may attend the meeting upon the invitation of the Audit Committee. The Company Secretary and/or his representatives attended all the Audit Committee meetings.

AUDIT COMMITTEE REPORT (Cont'd)

The main activities undertaken by the Audit Committee during the financial year were as follows:

- Reviewed and recommended the unaudited quarterly financial results of the Company and the Group to the Board of Directors for their consideration and approval prior to its release to Bursa Securities.
- Reviewed and recommended to the Board for approval, the Group's audited financial statements and the audit report on the financial statements.
- Reviewed and approved the internal audit plan, strategy and scope of work.
- Reviewed the internal audit reports and consideration of the findings and recommendations and management's responses thereto.
- Reviewed the Recurrent Related Party Transactions of the Group.
- Reviewed the external audit planning memorandum which covers the scope of the statutory audit and the audit plan prior to the commencement of audit of the Group's financial statements.
- Reviewed and discussed with External Auditors the issues arising from the statutory audit, the audit report and the management letters including management's responses.
- Reviewed the Statement on Risk Management and Internal Control prior to its inclusion in the Annual Report.
- Met with the External Auditors on 26 September 2014 and 29 June 2015 without the presence of the Executive Directors and Management.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional services firm with an annual fees of RM70,000. Independence is essential to the effectiveness of the internal audit function. The outsourced Internal Auditors report directly to the Audit Committee and the Audit Committee has full and direct access to the Internal Auditors.

The internal audit function is established to assist the Audit Committee in discharging its duties and responsibilities. The principal role of the internal audit function is to review the Group's operations, evaluating their efficiency, effectiveness and compliance with corporate policies, procedures, laws and regulations.

The internal audit function is carried out with impartiality, proficiently and due professional care. It provides the Audit Committee with information, appraisals, recommendations and counsel regarding the activities examined and other significant issues. The internal audit reports are reviewed by the Audit Committee and the Management is responsible for ensuring that corrective actions on reported weaknesses are taken within the required time frame.

During the financial year, the internal auditors executed the approved audit plan and performed the following tasks in accordance with its overall strategy:

- Performed internal audit review on the Group's operating units in Singapore.
- Evaluated the effectiveness and adequacy of the control procedures in purchasing division, sales and credit control division as well as the Group's human resource function.
- Reviewed the control procedures taken by the management on recurrent related party transactions.
- Issued reports on the results of the internal review, identifying weaknesses with suggested recommendations for improvements to management for further action to improve the system of internal control.
- Followed-up on the implementation of corrective action plans agreed by management.
- Attended Audit Committee meetings to table and discuss the internal audit findings and issues.

During the year, the Audit Committee has met the Internal Auditors four (4) times to carry out its responsibility in reviewing the internal audit function and to assure itself on the soundness of the internal control system.

This statement was approved by the Board on 30 September 2015.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

At Hiap Teck Venture Berhad ("HTVB"), we are mindful of our responsibility as a good corporate citizen and treat corporate social responsibility as an integral part of our corporate activities.

We endeavor to comply with all applicable laws, regulations and rules, and conduct our business in accordance with established best practices.

The Workplace

The Group has always valued its employees and provided them with a healthy, safe and conducive working environment.

The Group has adopted various health and safety policies and procedures. The Occupational Safety and Health Committee play an important role in developing policies and guidelines and to ensure the implementation of the policies and procedures adopted by the Group. Every effort is made to ensure employees are well-versed in safety procedures to be able to carry out their work functions without jeopardizing their well-being. Safety gears are provided to relevant employees to reduce the consequences of serious accidents. Cigarette smoking is actively discouraged in the Group. Cigarette smoking is prohibited in the office, factory and warehouse. Designated smoking areas are provided. Gotong Royong is a yearly event of the Group with the aim to keep the surrounding area a clean environment.

The Group also values highly the development of sustainable human resources by placing high emphasis on executive succession planning and development. Various training courses and programmes on leadership, management and technical skills were conducted which include in-house trainings and attendance in external trainings and seminars.

The Group's jointly-controlled entity, Eastern Steel Sdn. Bhd. works together with Shougang Institute of Technology (SGIT), China and TATI University College (TATIUC), Malaysia in providing aspiring young Malaysians with an international standard Metallurgical Science and Technology course. The course is taught by SGIT China lecturers who are specially flown-in to lecture on the topic of global iron and steel making technology, whereas lecturers from TATIUC will focus on local industry knowledge, standards and requirements.

To foster camaraderie amongst the employees, the Group organizes social gatherings such as Festive Celebrations and Annual Dinner.

The Community

The Group believes strongly in the power of education to improve lives in a fundamental way, The Group has therefore set up an education fund to provide study loans, scholarships and awards to its employees and their family members. Education award is given to the employees' children to motivate them to excel academically. Our staff's children are also given a yearly allowance to enable them to buy books and other education aids to assist them in their studies.

The Group acknowledges that employees need to strike a good and healthy work-life balance in order to have the peace of mind to perform optimally at work. In order to cultivate a balanced work-life and create a caring, harmonious and cohesive working environment, employees are encouraged to participate in sports and recreational activities. The Group's futsal team had participated in the annual futsal competition organized by the local community.

Heeding the call to increase the levels of local blood banks, the Group organizes blood donation campaign annually to further educate the community at large of the importance of blood donation and help to reduce the insufficiency of blood supply at the National Blood Centre. The Campaign received overwhelming response from the employees and the local community.

The Market Place

The Group promotes good ethical business morals. Honesty, credibility and integrity in all our business dealings, and respect for the interest of the relevant stakeholders are essential business culture practised throughout the Group.

All material activities and event, key developments of our business and financial performance of the Group are announced timely to Bursa Securities. The Group's website at www.htgrp.com.my is updated regularly so as to provide the public with the latest information and development of the Group.

OUR

VISION

MISSION

- Build value for shareholders
 Participate in the development of the country
 Total customer satisfaction
 Enhancement of existing core business to position for growth
 One stop steel centre
 Continuously develop human asset



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 July 2015.

Principal activities

The Company is principally engaged in investment and property holdings and the provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM′000	Company RM′000
(Loss)/Profit for the year attributable to: Owners of the Company Non-controlling interests	(77,089) 283	(29,926)
	(76,806)	(29,926)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid a single tier final dividend of 0.6 sen per ordinary share totalling RM4,277,910 in respect of financial year ended 31 July 2014 on 13 February 2015.

The single tier final dividend recommended by the Directors in respect of the financial year ended 31 July 2015 is 0.3 sen per ordinary share totalling RM2,155,172. The dividend will be recognised in subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Abdul Rahman Bin Mamat Tan Sri Dato' Law Tien Seng Ng Soon Lai @ Ng Siek Chuan Foo Kok Siew Leow Hoi Loong @ Liow Hoi Loong Lee Ching Kion Tan Shau Ming Sun YanMin (appointed on 29 June 2015) Lu Zongyou (resigned on 29 June 2015) Low Choong Sing (retired on 17 December 2014)

Directors' interests in shares

The interests and deemed interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interest of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number At	of ordinary sh	ares of RM0.	50 each At
	1.8.2014	Bought	Sold	31.7.2015
Deemed interests in the Company:				
Tan Sri Dato' Law Tien Seng	187,582,048	-	-	187,582,048
Lee Ching Kion	41,864	-	-	41,864
Tan Shau Ming	330	-	-	330
	Numbe	er of options ov of RM0.5		hares
	At	- ·		At
	1.8.2014	Granted	Exercised	31.7.2015
Interest in the Company: Tan Sri Abdul Rahman Bin Mamat				
- OWN	800,000	-	-	800,000
Tan Sri Dato' Law Tien Seng - own	7,000,000		-	7,000,000
- 0001	7,000,000			7,000,000
Ng Soon Lai @ Ng Siek Chuan				
- own	500,000	-	-	500,000
Lee Ching Kion				
- own	500,000	-	-	500,000
Foo Kok Siew	1 000 000			4 000 000
- own	4,000,000	-	-	4,000,000
Leow Hoi Loong @ Liow Hoi Loong				
- own	500,000	-	-	500,000
Ton Chou Ming				
Tan Shau Ming - own	1,500,000	500,000	_	2000,000
own	1,000,000	500,000		2000,000

By virtue of his shareholdings in the Company, Tan Sri Dato' Law Tien Seng is also deemed to be interested in shares in all the subsidiaries of the Company.

None of the other Directors holding office at 31 July 2015 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in Note 22 to the financial statements or the fixed salary of a full time employee of the Company or of the related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issuance of the options pursuant to the Employees Share Option Scheme ("ESOS").

Issue of shares and debentures

During the financial year, the Company issued 434,000 new ordinary shares of RM0.50 each for cash arising from the exercise of the employees' shares options at a weighted average price of RM0.50 per ordinary share.

There were no other changes in the authorised, issued, and paid-up capital of the Company during the financial year.

Treasury shares

During the financial year, the Company repurchased 1,000 of its issued ordinary shares from the open market at an average price of approximately RM0.58 per share. The total consideration paid for the repurchases including transaction costs was RM621.

The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and further relevant details are disclosed in Note 14 to the financial statements.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees Share Option Scheme ("ESOS") which governed by ESOS By-Laws.

At an extraordinary general meeting held on 23 November 2011, the Company's shareholders approved the establishment of ESOS to eligible Directors and employees of the Group.

The salient terms of the ESOS are disclosed in Note 32 to the financial statements.

The options offered to take up unissued ordinary shares of RM0.50 each and the exercise prices are as follows

			No. of share	e options over or	dinary shares of	RM0.50 each
Date of offer	Exercise	At				At
	price	1.8.2014	Granted	Exercised	Forfeited	31.7.2015
19 April 2013	RM0.50	40,493,000	-	(434,000)	(2,038,000)	38,021,000
10 January 2014	RM0.67	10,030,000	-	-	(260,000)	9,770,000
15 January 2015	RM0.53	-	8,950,000	-	(510,000)	8,440,000
		50,523,000	8,950,000	(434,000)	(2,808,000)	56,231,000

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose in this report the names and details of holdings of persons to whom have been granted not more than 1,300,000 options as required by Section 169(11) of the Companies Act, 1965. This information has been separately filed with the Companies Commission of Malaysia.

Options granted over unissued shares (Cont'd)

The names of the persons who were granted options over ordinary shares of RM0.50 each of 1,300,000 or more are as follows:

		Number	of options over or	dinary shares of RM0.50 each
	At			At
	1.8.2014	Granted	Exercised	31.7.2015
Interests in, the Company:				
Tan Sri Dato' Law Tien Seng	7,000,000	-	-	7,000,000
Foo Kok Siew	4,000,000	-	-	4,000,000
Teh Swee See	2,300,000	1,000,000	-	3,300,000
Ooi Ai Leng	2,000,000	500,000	-	2,500,000
Phang Chin Khiong	1,700,000	300,000	-	2,000,000
Seh Kwang Weoi	1,500,000	500,000	-	2,000,000
Tan Shau Ming	1,500,000	500,000	-	2,000,000
Teoh Peir Song	1,260,000	500,000	-	1,760,000
Tan Yuen Hong	1,084,000	500,000	-	1,584,000

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 July 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant event

Significant event during the year is disclosed in Note 34 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

..... Tan Sri Dato' Law Tien Seng

Foo Kok Siew

Kuala Lumpur,

Date: 26 October 2015

		(Group	Co	mpany
	Note	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Assets					
Property, plant and equipment Mining exploration and	3	275,714	288,188	328	551
evaluation assets	4	18,704	-	-	-
Investment properties	5	7,635	7,794	100,735	102,050
Investment in subsidiaries Investment in joint venture	6 7	- 154,376	- 132,869	93,970 220,798	93,970 139,618
Investment in associate	8	479	132,009	220,798	139,010
Available-for-sale financial	0	-170			
assets	9	2,106	2,451	-	-
Deferred tax assets	10	1,351	2,670	-	-
Trade and other receivables	11	152,336	466,678	174,959	497,002
Total non-current assets		612,701	900,650	590,790	833,191
Inventories	12	293,157	354,840	-	-
Trade and other receivables	11	534,221	276,502	231,526	114
Tax recoverable		2,109	1,056	-	-
Available-for-sale financial					
assets	9	1,234	27,879	73	1,006
Cash and cash equivalents	13	65,484	56,677	22,056	4,459
Total current assets		896,205	716,954	253,655	5,579
Total assets		1,508,906	1,617,604	844,445	838,770
Equity					
Share capital		359,195	358,978	359,195	358,978
Share premium		38,160	38,143	38,160	38,143
Reserves		474,794	555,512	105,567	138,621
Total equity attributable to					
owners of the Company	14	872,149	952,633	502,922	535,742
Non-controlling interests		792	-	-	-
Total equity		872,941	952,633	502,922	535,742
Liabilities					
Deferred tax liabilities	10	11,351	11,750	3,909	4,810
Loans and borrowings	15	131,346	127,758	131,346	127,758
Total non-current liability		142,697	139,508	135,255	132,568
Loans and borrowings	15	395,380	449,974	32,199	32,199
Trade and other payables	16	97,347	75,489	173,531	136,759
		541	-	538	1,502
Current tax payable					
Current tax payable Total current liabilities		493,268	525,463	206,268	170,460
		493,268 635,965	525,463 664,971	206,268 341,523	170,460 303,028

The notes set out on pages 52 to 114 are an integral part of these financial statements.

		(Group	Com	ipany
	Note	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Revenue Cost of sales	17 18	1,257,619 (1,145,656)	1,110,490 (1,013,868)	31,272	17,880 -
Gross profit		111,963	96,622	31,272	17,880
Other operating income Operating costs in respect of income generating investment		40,571	34,021	22,244	19,762
properties Administrative expenses Selling and marketing expenses		(158) (34,067) (27,573)	(30,610)	(1,315) (12,073)	(1,315) (10,309)
Other operating expenses		(65,421)	(2,765)	(56,188)	(1,712)
Results from operating activities Finance cost	19	25,315 (32,101)	75,755 (26,388)	(16,060) (11,910)	24,306 (9,936)
Share of (loss)/profit of equity accounted investees, net of tax		(59,674)	484	-	-
(Loss)/Profit before tax Tax expense	20	(66,460) (10,346)		(27,970) (1,956)	14,370 (3,213)
(Loss)/Profit for the year	21	(76,806)	45,565	(29,926)	11,157
Other comprehensive expense, net of tax <i>Items that are or maybe reclassified subsequently to profit or loss:</i> Foreign currency translation					
differences for foreign operation		(33)	(670)	-	-
Fair value of available-for-sale financial assets		(468)	(845)	-	-
Other comprehensive expense for the year, net of tax		(501)	(1,515)	-	-
Total comprehensive (expense) /income for the year		(77,307)	44,050	(29,926)	11,157
(Loss)/Profit attributable to: Owners of the Company Non-controlling interests		(77,089) 283	45,565	(29,926) -	11,157 -
(Loss)/Profit for the year		(76,806)	45,565	(29,926)	11,157
Total comprehensive (expense)/income attributable to: Owners of the Company Non-controlling interests		(77,590) 283	44,050	(29,926) -	11,157 -
Total comprehensive (expense)/income for the year		(77,307)	44,050	(29,926)	11,157
(Loss)/Earnings per ordinary share (sen): Basic	23	(10.88)	6.42		

The notes set out on pages 52 to 114 are an integral part of these financial statements.

IN EQUITY	
DF CHANGES I	
STATEMENTS OF	July 2015
CONSOLIDATED	for the year ended 31.

	• •		Attrib	Attributable to shareholders of the Group —— Non distributable	shareholde 	rs of the G	' 1	 Distributable 			
ž	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	Share option reserves RM'000	Retained earnings RM'000	Total RM′000	Non- controlling interests RM'000	Total equity RM'000
At 31 July 2013/1 August 2013		356,871	37,973	(7,494)	18,459	1,019	1,047	501,138	909,013	1	909,013
Foreign currency translation differences for foreign operations		I	I	I	I	(670)	I	I	(670)	I	(670)
net change in fair value of available- for-sale financial assets		I	ı	I	I	(845)	I	ı	(845)	ı	(845)
Total other comprehensive expense		I	I	I	I	(1,515)	I	1	(1,515)	I	(1,515)
Profit for the year		'			'	'		45,565	45,565		45,565
Total comprehensive income for the year	l	T	1	I	'	(1,515)	1	45,565	44,050	I	44,050
Purchase of treasury shares		I	I	(1)	I	I	I	I	(1)	1	(1)
Share options exercised		2,106	I	I	ı	I	I	I	2,106	'	2,106
Warrants exercised			~ -	I	I	I	- (I	2	ı	2
Equity-settled share based payments		I	I	I	I	I	1,713	I	1,713	I	1,713
nansier to snare premium for snare option exercised		I	169	ı	I	I	(169)	I	I	I	I
Dividends to owners of the Company	24	1	T	I	1	1	T	(4,250)	(4,250)	1	(4,250)
Total contribution from/(distribution to) owners		2,107	170	(1)	I	ı	1,544	(4,250)	(430)	I	(430)
At 31 July 2014/ 1 August 2014		358,978	38,143	(7,495)	18,459	(496)	2,591	542,453	952,633	T	952,633
Foreign currency translation differences for foreign											
Uperations Net change in fair value of		I	I	I	I	(00)	I	I	(00)	I	(00)
available- 101-Sale III.lailuai assets		I	I	I	I	(468)	I	I	(468)	I	(468)
Total other comprehensive expense		I	1	I	I	(201)	1	1	(201)	ı	(201)
Loss for the year		ı	ı	'	ı		ı	(77,089)	(77,089)	283	(76,806)
Total comprehensive expense for the year		'	I	I	I	(501)	I	(77,089)	(77,590)	283	(77,307)
Subtotal		358,978	38,143	(7,495)	18,459	(397)	2,591	465,364	875,043	283	875,326

for the year ended 31 July 2015

	v		Attrik	Attributable to shareholders of the Group	shareholde	ers of the G					
	Note	Share capital	Share premium BM/000	Non distributable Treasury Warra shares reserv RM'000 RM'00	outable — Warrant reserves RM*000	Other reserves RM/000	Share Share option reserves	Distributable are ion Retained ves earnings non RMY000	Total	Non- controlling interests RM'000	Total equity RM/000
At 31 July 2014/1 August 2014 (continued) Subtotal (continued)		358,978	38,143	(7,495)	18,459	(297)	2,591	465,364	875,043	283	875,326
Durchase of treasury shares				(1)					(1)		(1)
Share options exercised		217							217		217
Warrants exercised		I	I	I	I	I	I	I	I	I	I
Equity-settled share based											
payments		I	I	I	I	I	1,168	I	1,168	I	1,168
Acquisition of subsidiary		I	I	I	I	I	I	I	ı	509	509
Transfer to share premium for											
share option exercised		ı	17	I	I	I	(17)	ı	ı	I	I
Dividends to owners of the											
Company	24	I	I	I	I	I	I	(4,278)	(4,278)	I	(4,278)
Total contribution from/											
(distribution to) owners		217	'	(1)	'	'	1,151	(4,278)	(2,894)	509	(2,385)
At 31 July 2015		359,195	38,160	(7,496)	18,459	(266)	3,742	461,086	872,149	792	872,941
		V			Note 14			Â			

F CHANGES IN EQUITY (Cont'd)	
COMPANY STATEMENTS OF	for the year anded 31 July 2015

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		V	Attrik	outable to	Attributable to shareholders of the Group	rs of the G			
		×		- Non dist	Non distributable —		Share	 Distributable 	
Z	Note	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserves RM'000	Other reserves RM'000	option reserves RM'000	Retained earnings RM'000	Total equity RM'000
At 1 August 2013		356,871	37,973	(7,494)	18,459	(353)	1,047	118,512	525,015
Profit and total comprehensive income for the year		I	I	I	I	I	I	11,157	11,157
Purchase of treasury shares		1	1	(1)	1	I	1		(1)
Share options exercised Warrants exercised		2,106 1	۱ (-	1 1	1 1		1 1	1 1	2,106 2
Equity-settled share based payments		. 1	. 1	I	I	I	1,713	ı	1,713
iransier to snare premium for snare option exercised		I	169	I	I	1	(169)	1	I
Dividends to owners of the Company	24	ı.	T	T	ı.	I	T	(4,250)	(4,250)
lotal (distribution to)/ contribution from owners		2,107	170	(1)	ı	ı	1,544	(4,250)	(430)
At 31 July 2014/1 August 2014		358,978	38,143	(7,495)	18,459	(353)	2,591	125,419	535,742
Loss and total comprehensive expense for									
the year		I	I	I	I	I	I	(29,926)	(29,926)
Purchase of treasury shares		ı	I	(1)	ı	I	I	I	(1)
Share options exercised		217	ı	ı	ı	ı	ı	ı	217
Warrants exercised		I	I	I	I	I	I	I	I
Equity-settled share based payments		I	I	I	I	I	1,168	I	1,168
Transfer to share premium for share option									
exercised		ı	17	I	I	I	(17)	I	I
Dividends to owners of the Company	24							(4,278)	(4,278)
Total contribution from/(distribution to)									
owners		217	ı	(1)	ı	I	1,151	(4,278)	(2,894)
At 31 July 2015		359,195	38,160	(7,496)	18,459	(353)	3,742	91,215	502,922
	¥				Note 14 -			Î	

The notes set out on pages 52 to 114 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS for the year ended 31 July 2015

Group Company 2015 2014 2014 2015 Note RM'000 RM'000 RM'000 RM'000 Cash flows from operating activities (Loss)/Profit before tax (66, 460)49,851 14,370 (27, 970)Adjustments for: Net unrealised foreign exchange gain (3,014)(1,698)Reversal of impairment loss of trade receivables (2) _ Depreciation of property, plant and 23,842 23,638 234 241 equipment Depreciation of investment properties 159 158 1,315 1,315 Property, plant and equipment written off 110 57 Interest expense 32,101 26,388 11,910 9,936 Finance income: Deposits (532)(329)(123)(99)Available-for-sale financial assets (25)(1,601)(1,008)(85)Joint venture (20, 215)(18,031) (20.215)(18,031)Subsidiary (1,606)(1,606)Net overdue interest income (145)(175)(19, 560)(6,240) Dividends income (123)(100)Gain on disposal of property, plant and equipment (2, 442)(2, 272)Gain on disposals of available-for-sale financial assets (255)Equity-settled share based payments 1,168 1,713 1,168 1,713 Write-down of inventories 8,805 916 Acquisition of subsidiary - gain on bargain purchase 33 (72) Impairment loss on investment in joint venture 55,000 _ 55,000 Share of loss/(profit) of equity accounted investees, net of tax 59,674 (484)Operating profit before changes in working capital 86,255 78,367 68 1,574 Changes in working capital: Inventories 52,878 51,227 Trade and other receivables (27,600)(8,960) 42,581 51,833 Trade and other payables 2,831 27,187 1,872 1,170 54,577 44,521 **Cash generated from operations** 114,364 147,821 Interest paid (28, 360)(26, 444)(8,323) (6,665) Net overdue interest income 145 175 Income tax paid (9,938)(4, 476)(3,821) (3, 636)Net cash from operating activities 76.211 117,076 32.377 44.276

STATEMENTS OF CASH FLOWS (Cont'd) for the year ended 31 July 2015

	Note	Gr 2015 RM'000	oup 2014 RM′000	Com 2015 RM′000	pany 2014 RM′000
Cash flows from investing activities					
Proceeds from withdrawal of available-					
for-sale financial assets		26,645	29,135	933	1,802
Dividend received		123	100	19,560	6,240
Proceeds from disposal of property, plant					
and equipment		3,633	3,327	-	-
Finance income:					
Deposits		532	329	123	99
Available-for-sale financial assets		1,601	1,008	85	25
Joint venture		20,215	18,031	20,215	18,031
Subsidiary		-	-	1,606	1,606
Purchase of property, plant and		(10.05.0)	(5.00.0)	(4.4)	
equipment		(10,354)	(5,304)	(11)	-
Additions to mining exploration and					
evaluation assets		(1,417)	-	-	-
Advances to joint venture		(53,643)	(99,116)	(53,229)	(99,116)
Investment in available-for-sale financial assets		(123)	(49)		
Investment in an associate		(123)	(49)	-	-
Acquisition of subsidiary - net of cash		(400)	-	-	-
received	33	47	-	-	-
Net cash used in investing activities		(13,221)	(52,539)	(10,718)	(71,313)
Cash flows from financing activities					
Issuance of ordinary shares		217	2,108	217	2,108
(Repayment)/Drawdown of borrowings		(52,858)	(58,074)	-	30,000
Purchase of treasury shares		(1)	(1)	(1)	(1)
Dividends paid to owners of the					
Company		(4,278)	(4,250)	(4,278)	(4,250)
Net cash (used in)/from financing activities		(56,920)	(60,217)	(4,062)	27,857
Net increase in cash and cash					
equivalents		6,070	4,320	17,597	820
Effect of exchange rate changes		4,473	(828)	-	-
Cash and cash equivalents at					
beginning of year		54,941	51,449	4,459	3,639
Cash and cash equivalents at end of year		65,484	54,941	22,056	4,459

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

anoants.		G	roup	Com	pany
	Note	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Deposits placed with licensed banks	13	27,501	3,497	21,239	3,497
Cash and bank balances	13	37,983	53,180	817	962
Less: Bank overdraft	15	-	(1,736)	-	-
		65,484	54,941	22,056	4,459

The notes set out on pages 52 to 114 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Hiap Teck Venture Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Registered office and principal place of business Lot 6096, Jalan Haji Abdul Manan Batu 5½, Off Jalan Meru 41050 Klang Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 July 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in joint venture and associate. The financial statements of the Company as at and for the financial year ended 31 July 2015 do not include other entities.

The Company is principally engaged in investment and property holdings and the provision of management services, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 26 October 2015.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, Regulatory Deferral Accounts
- Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11, Joint Arrangements Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101, Presentation of Financial Statements Disclosure Initiative
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture Agriculture: Bearer Plants
- Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle
- Amendments to MFRS 127, Separate Financial Statements Equity Method in Separate Financial Statements

1. Basis of preparation (Cont'd)

(a) Statement of compliance (Cont'd)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group and the Company except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Royalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value of amortised cost. It is expected that the Group's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 7 Investment in joint venture
- Note 10 Recognition of deferred tax assets
- Note 30 Contingent liabilities

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(a) Basis of consolidation (Cont'd)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincoporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influences ceases.

When the Group's share of losses exceeds its interest in associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associates.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

(a) Basis of consolidation (Cont'd)

(vi) Joint arrangements (Cont'd)

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted investees and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate as at the dates of the initial transactions.Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains or losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

(c) Financial instruments (Cont'd)

(ii) Financial instrument categories and subsequent measurement (Cont'd)

Financial liabilities (Cont'd)

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

(d) Property, plant and equipment (Cont'd)

(i) Recognition and measurement (Cont'd)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net with in "other operating income" and "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed. If a component has a useful life that is different from the remainder of the asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

•	Leasehold land	60 years
•	Buildings	50 years
•	Plant and machinery	5 - 12 years
•	Motor vehicles	5 years
•	Other assets	3 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition of the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(e) Leased assets (Cont'd)

(i) Finance lease (Cont'd)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

(f) Exploration and evaluation of mineral resources

Exploration and evaluation costs, including the costs of acquiring licenses, are initially capitalised as intangible exploration and evaluation assets ("E&E assets") according to the nature of the assets acquired. The costs are accumulated in cost centres by field or exploration area pending determination of technical feasibility and commercial viability.

E&E assets that are available for use are amortised over their estimated useful lives based on the unit of production method and recognised in profit or loss upon the commencement of commercial production.

E&E assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, and facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist. A review of each exploration license or field is carried out, to ascertain whether proven reserves have been discovered. Upon determination of proven reserves, intangible E&E assets attributable to those reserves are tested for impairment and then reclassified from E&E assets to a separate category within tangible assets.

Expenditure deemed to be unsuccessful is recognised in profit or loss immediately.

(g) Investment properties

Investment properties at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the lease term and their useful lives of 60 years.

Depreciation of buildings is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life of 50 years.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(j) Impairment

(i) Financial assets

All financial assets (except for investment in subsidiaries, investment in joint venture and investment in associate) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

(j) Impairment (Cont'd)

(i) Financial assets (Cont'd)

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (known as cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(I) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise redeemable convertible secured bonds that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(m) Employee benefits (Cont'd)

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(o) Revenue and other income

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount, volume rebates and sales taxes.

Revenue is recognised when persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(o) Revenue and other income (Cont'd)

(ii) Service income

Revenue is recognised when the services have been performed.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Rental income

Rental income related to rental of properties and scaffoldings are recognised over the period of tenancy or usage, as appropriate.

(vi) Management fees

Management fees are recognised when services are rendered.

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(q) Income tax (Cont'd)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants, ESOS and redeemable convertible secured bonds.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Director and Group Operation Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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(t) Fair value measurement (Cont'd)

(t) Fair value measurement (continued)

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the assets or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. Property, plant and equipment

Group	04 010	Freehold landB	hold landBuildings	Leasehold land m	hold Plant & Capital- land machinery in-progress	Plant & Capital- Ichinery in-progress	Motor vehicles	Other assets	Total
Cost									
At 1 August 2013		76,417	139,260	1,070	205,368	1,049	7,570	55,550	486,284
Additions		ı	106	1	500	1,661	232	2,805	5,304
Disposals		ı	I	1	ı	I	(1,977)	(2,176)	(4,153)
Written off		ı	I	ı	(1,775)	ı	(15)	(177)	(1,967)
Transfers		I	I	I	I	ı	ı	(51)	(51)
Effect of movement in exchange rates		I	I	1	I	ı		63	63
At 31 July 2014/1 August 2014		76,417	139,366	1,070	204,093	2,710	5,810	56,014	485,480
Additions		ı	130	1	1,152	1,747	829	6,496	10,354
Acquisition of subsidiary	33	I	I	I	690	I	376	419	1,485
Disposals		ı	I	ı	ı	ı	(315)	(2,945)	(3,260)
Written off		I	I	I	I	ı	ı	(259)	(259)
Transfers		I	I	ı	190	(190)	ı	I	ı
Effect of movement in exchange rates		ı			6		6	1,364	1,382
At 31 July 2015		76,417	139,496	1,070	206,134	4,267	6,709	61,089	495,182

(Cont'd)
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3. Property, plant and equipment (Cont'd)

Group	Note	Freehold land RM'000	L Buildings RM'000	Leasehold land m RM′000	hold Plant & Capital- land machinery in-progress '000 RM'000 RM'000	Capital- Դ-progress RM'000	Motor vehicles RM'000	Other assets RM'000	Total RM'000
Accumulated depreciation									
At 1 August 2013		I	21,225	240	123,621	I	5,382	28,189	178,657
Charge for the year		I	2,828	18	12,715	I	581	7,496	23,638
Disposals		I	I	I	I	I	(1,676)	(1,422)	(3,098)
Written off		I	I	I	(1,775)	ı	(10)	(125)	(1,910)
Effect of movement in exchange rates		I	I	I	I	I	I	Q	Q
At 31 July 2014/1 August 2014		1	24,053	258	134,561	1	4,277	34,143	197,292
Charge for the year		1	2,832	19	12,681	'	710	7,600	23,842
Acquisition of a subsidiary	33	ľ	ı	ı	54	1	71	36	161
Disposals		ı	'	'	ı	ı	(315)	(1,754)	(2,069)
Written off		ı	I	I	I	ı	'	(149)	(149)
Effect of movement in exchange rates		ı	I	ı	c	ı	Q	383	391
At 31 July 2015		T	26,885	277	147,299	ı	4,748	40,259	219,468
Carrying amounts									
At 1 August 2013		76,417	118,035	830	81,747	1,049	2,188	27,361	307,627
At 31 July 2014/1 August 2014		76,417	115,313	812	69,532	2,710	1,533	21,871	288,188
At 31 July 2015		76,417	112,611	793	58,835	4,267	1,961	20,830	275,714

Other assets of the Group comprise equipment for hire, office renovations, furniture and fittings, heavy equipment, office equipment, tools, computer software, electrical installation, forklift, dies and jigs and container.

3. Property, plant and equipment (Cont'd)

Company	Motor vehicles RM′000	Renovation RM'000	Office equipment RM′000	Total RM′000
Cost At 1 August 2013 Disposals	424	701 (51)	130	1,255 (51)
At 31 July 2014/ 1 August 2014 Additions	424	650 7	130 4	1,204 11
At 31 July 2015	424	657	134	1,215
Accumulated depreciation At 1 August 2013 Charge for the year	262 85	137 130	13 26	412 241
At 31 July 2014/ 1 August 2014 Charge for the year	347 77	267 131	39 26	653 234
At 31 July 2015	424	398	65	887
Carrying amounts At 1 August 2013	162	564	117	843
At 31 July 2014/ 1 August 2014	77	383	91	551
At 31 July 2015	-	259	69	328

Security

At 31 July 2015, the redeemable convertible bonds (see Note 15) are secured by a first legal charge over property of a subsidiary with carrying amount of RM66,751,000 (2014 : RM67,804,000) and the land and buildings of the Company with carrying amount of RM100,735,000 (2014 : RM102,050,000) (see Note 5).

4. Mining exploration and evaluation assets

	Note	Group RM′000
At 1 August 2014 Acquisition of subsidiary Additions	33	- 17,287 1,417
At 31 July 2015		18,704

5. Investment properties

Group	Leasehold land RM′000	Freehold land RM'000	Buildings RM′000	Total RM'000
Cost At 1 August 2013/31 July 2014/ 31 July 2015	3,950	485	6,429	10,864
Accumulated depreciation At 1 August 2013 Charge for the year	1,432 54	-	1,480 104	2,912 158
At 31 July 2014 / 1 August 2014 Charge for the year	1,486 54	-	1,584 105	3,070 159
At 31 July 2015	1,540	-	1,689	3,229
Carrying amounts At 1 August 2013	2,518	485	4,949	7,952
At 31 July 2014/1 August 2014	2,464	485	4,845	7,794
At 31 July 2015	2,410	485	4,740	7,635
Company		Freehold land RM'000	Buildings RM′000	Total RM'000
Cost At 1 August 2013/31 July 2014/31 July 2015		48,062	65,740	113,802
Accumulated depreciation At 1 August 2013 Charge for the year		-	10,437 1,315	10,437 1,315
At 31 July 2014/1 August 2014 Charge for the year		-	11,752 1,315	11,752 1,315
 At 31 July 2015		-	13,067	13,067
Carrying amounts At 1 August 2013		48,062	55,303	103,365

 At 31 July 2014/1 August 2014
 48,062

 At 31 July 2015
 48,062

Investment properties of the Group comprise a leasehold land which is being leased to third party. The estimated fair value of investment properties of the Group and of the Company are RM10,600,000 and RM144,240,000 (2014: RM10,600,000 and RM144,240,000) respectively. Investment properties are stated at cost and are not revalued.

53,988

52,673

102,050

100,735

5. Investment properties (Cont'd)

The following are recognised in profit or loss in respect of investment properties:

	G	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000	
Rental income Direct operating expenses:	948	862	7,992	7,920	
 income generating investment properties 	(158)	(180)	(1,315)	(1,315)	

Fair value of investment properties are categorised as follows:

	Level 1 RM′000	Level 2 RM′000	Level 3 RM'000	Level 4 RM′000
2015				
Group Land	-	-	2,880	2,880
Buildings	-	-	7,720	7,720
	-	-	10,600	10,600
Company				
Land	-	-	68,870	68,870
Buildings	-	-	75,370	75,370
	-	-	144,240	144,240

	Level 1 RM′000	Level 2 RM′000	Level 3 RM'000	Level 4 RM′000
2014				
Group Land	-	-	2,880	2,880
Buildings	-	-	7,720	7,720
	-	-	10,600	10,600
Company				
Land	-	-	68,870	68,870
Buildings	-	-	75,370	75,370
	-	-	144,240	144,240

5. Investment properties (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

6. Investment in subsidiaries

	Co	mpany
	2015 RM′000	2014 RM′000
At cost: Unquoted shares in Malaysia	93,970	93,970

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effec owne inte	rship
			2015 %	2014 %
Hiap Teck Hardware Sdn. Bhd.	Malaysia	Importer, exporter and general dealer of steel products, hardware and building materials	100	100
Tiek Hong Hardware (B'worth) Sdn. Bhd.	Malaysia	Dormant	100	100
Alpine Pipe Manufacturing Sdn. Bhd.	g Malaysia	Manufacturing and selling of pipes, hollow sections and other steel products	100	100

6. Investment in subsidiaries (Cont'd)

Details of the subsidiaries are as follows: (Cont'd)

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
	·		2015 %	2014 %
Briliant Decade Transport Agency Sdn. Bhd.	Malaysia	Provision of transportation services	100	100
Huatraco Scaffold Sdn. Bhd.	Malaysia	Manufacturing, selling and renting of scaffolding equipment and range of steel products	100	100
Hiap Teck Resources Sdn. Bhd	Malaysia	Dormant	100	100
Subsidiary of Hiap Teck	Hardware Sdn.	Bhd.		
Hiap Teck Property Sdn. Bhd.	Malaysia	Dormant	100	100
Subsidiary of Hiap Teck	Resources Sdn.	Bhd.		
Vista Mining Sdn. Bhd.	Malaysia	Exploring, contracting and activities related to the mining, processing and sale of iron ore	55	-
Subsidiaries of Huatrac	o Scaffold Sdn. I	Bhd.		
Huatraco Contracts Sdn. Bhd.	Malaysia	Dormant	100	100
Huatraco Investment Pte. Ltd.#	Singapore	Investment holding	100	100
Subsidiary of Huatraco	Investment Pte.	Ltd.		
Huatraco Singapore Pte. Ltd.#	Singapore	Scaffolding works and wholesale of industrial, construction and related machinery and equipment	100	100

#Audited by a firm other than KPMG

7. Investment in joint venture

	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Unquoted shares in Malaysia				
at cost	275,798	139,618	275,798	139,618
Share of post-acquisition reserves	(66,422)	(6,749)	-	-
Less: Impairment loss	(55,000)	-	(55,000)	-
	154,376	132,869	220,798	139,618

Details of the joint venture are as follows:

Name of entity	Country of incorporation	Principal activities	Effective ownership interest 2015 2014 % %		
Eastern Steel Sdn. Bhd.	Malaysia	Manufacturing, selling and dealing in a range of steel products using blast furnace plant	55	55	

On 15 March 2012, the Company entered into the Shareholders' Agreement with the shareholders of a joint venture, Eastern Steel Sdn. Bhd. ("ESSB"), namely Orient Steel Investment Pte. Ltd. ("Orient Steel") and Chinaco Investment Pte. Ltd. ("Chinaco"). The agreement set out the rights and obligations and to regulate the shareholders' relationship of the three parties in respect of dealing with ESSB.

The agreement gives the Company and Orient Steel joint control over ESSB and hence, ESSB is considered as a joint venture of the Company.

The following tables summarise the financial information of Eastern Steel Sdn. Bhd. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Eastern Steel Sdn. Bhd., which is accounted for using the equity method.

	2015 RM′000	2014 RM′000
Group Summarised financial information As at 31 July		
Non-current assets	1,272,281	1,036,727
Current assets	199,849	28,681
Non-current liabilities Current liabilities	(243,657) (939,709)	(837,327) (78,421)
Net assets	288,764	149,660
Year ended 31 July (Loss)/Profit and total comprehensive (expense)/income for the year	(108,496)	880

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

7. Investment in joint venture (Cont'd)

	2015 RM′000	2014 RM′000
Summarised financial information		
As at 31 July (Cont'd)		
Included in the total comprehensive income/(expense):		
Interest income	148	1,113
Interest expense	(3,769)	(371)
Income tax expense	(115)	(131)
Reconciliation of net assets to carrying amount As at 31 July		
Group's share of net assets (net of impairment loss)	154,376	82,313
Goodwill	-	50,556
Carrying amount in the statement of financial position	154,376	132,869
Group's share of results		
Year ended 31 July		
Group's share of (loss)/profit and total comprehensive		
(expense)/income for the year	(59,673)	484
Investment in associate		
	Com	pany
	2015	2014
	RM′000	RM'000
Unquoted shares in Malaysia at cost	480	-
Share of post-acquisition reserves	(1)	-
	479	_

Details of the associate are as follows:

8.

Name of entity	Country of incorporation	Principal activities	Effec owner inter	rship
	-		2015 %	2014 %
Huatraco GES Scaffold Sdn. Bhd. ("HGES")	Malaysia	Dormant	48	-

The Group, via its wholly-owned subsidiary, Huatraco Scaffold Sdn. Bhd., had on 23 December 2014 subscribed for 480,000 new ordinary shares of RM1.00 each at par in HGES representing 48% of the enlarged issued and paid up share capital of HGES.

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8. Investment in associate (Cont'd)

The following are the summarised financial information of the associate.

	2015 RM′000
As at 31 July Total assets Total liabilities	1,003 (5)
Net assets	998
Group's share of net assets	479
Period from 23 December 2014 to 31 July 2015	RM′000
Net loss	(3)
Group's share of net loss	(1)

9. Available-for-sale financial assets

	20 Carrying amount RM′000	15 Market value of quoted investments RM'000	Carrying	14 Market value of quoted nvestments RM'000
Group Non-current Club membership, unquoted	140	-	140	-
Equity instruments, quoted in Malaysia	1,966	1,966	2,311	2,311
	2,106		2,451	
Current Unit trust fund of licensed financial institution within				
Malaysia	1,234	1,234	27,879	27,879
	3,340		30,330	
Company Current Unit trust fund of licensed financial institution within				
Malaysia	73	73	1,006	1,006

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10. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Ass	ets	Liab	ilities	Net	
2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
-	1	(22,180)	(24,168)	(22,180)	(24,167)
-	-	(111)	(96)	(111)	(96)
2,735	1,834	(6,644)	(6,644)	(3,909)	(4,810)
7,270	8,197	-	-	7,270	8,197
-	6	-	-	-	6
3,482	6,342	-	-	3,482	6,342
5,448	5,448	-	-	5,448	5,448
18,935	21,828	(28,935)	(30,908)	(10,000)	(9,080)
(17,584)	(19,158)	17,584	19,158	-	-
1,351	2,670	(11,351)	(11,750)	(10,000)	(9,080)
2,735	1,834	(6,644)	(6,644)	(3,909)	(4,810)
	2015 RM'000 - 2,735 7,270 3,482 5,448 18,935 (17,584) 1,351	2015 RM'000 2014 RM'000 - 1 2,735 1,834 7,270 8,197 - 6 3,482 6,342 5,448 5,448 18,935 21,828 (17,584) 21,828 1,351 2,670	2015 RM'0002014 RM'0002015 RM'000-1(22,180) (111)(111)2,7351,834 (6,644)(6,644)7,2708,197 - 6 6 6 3,4826,342-5,4485,448-18,935 (17,584)21,828 (19,158)(28,935) 17,5841,3512,670(11,351)	2015 RM'0002014 RM'0002015 RM'0002014 RM'000-1(22,180) (111)(24,168) (96)(111) (111)(96) (96)2,7351,834 (6,644)(6,644) (6,644)7,270 -8,197 6 	2015 RM'0002014 RM'0002015 RM'0002014 RM'0002015 RM'000-1(22,180) (111)(24,168) (96) (111)(22,180) (111)2,7351,834 (6,644)(6,644) (6,644)(3,909) (3,909)7,2708,197 6 - - - 3,4823,4826,342 (3,4825,4485,448 (19,158)-5,44818,935 (17,584)21,828 (19,158)(28,935) 17,584(30,908) 19,158(10,000) -1,3512,670(11,351)(11,750)(10,000)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Gr	oup	Com	ipany
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Unabsorbed capital allowances Tax loss carry-forwards	6,132 1,630	6,181 1,542	-	-
Other deductible temporary differences	(923)	(53)	-	_
	6,839	7,670	-	-

Deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. Deferred tax assets/(liabilities) (Cont'd)

Movement in temporary differences during the year

	At 1.8.2013 RMY'000	Recognised in profit or loss (Note 20) RM'000	Recognised in other comprehensive income RM'000	At 31.7.2014/ 1.8.2014 RM'000	Recognised in profit or loss (Note 20) RM'000	At 31.7.2015 RM'000
Group						
Property, plant and equipment Investment properties	(27,191) (75)	3,045 (21)	(21)	(24,167) (96)	1,987 (15)	(22,180) (111)
Loans and borrowings	(5,637)	827	I	(4,810)	901	(3,909)
Other payables	10,210	(2,013)	·	8,197	(927)	7,270
Tax loss carry-forwards		D	I	9	(9)	1
Reinvestment allowance	11,633	(5,291)	I	6,342	(2, 860)	3,482
Allowance for increased export	ı	5,448	1	5,448	1	5,448
Others	964	(964)	1	I	I	I
	(10,095)	1,036	(21)	(080)	(920)	(10,000)
Company Loans and borrowings	(5,637)	827	I	(4,810)	901	(3,909)

11. Trade and other receivables

		Group		ipany
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Non-current Non-trade				
Amount due from a subsidiary	-	-	22,623	30,324
Amount due from joint venture	152,336	466,678	152,336	466,678
	152,336	466,678	174,959	497,002
Current Trade				
Trade receivables	277,051	260,060	-	-
Less: Allowance for impairment loss	(32)	(689)	-	-
	277,019	259,371	-	-
Amount due from joint venture	415	-	-	-
Non-trade	277,434	259,371	-	-
Other receivables	21,158	34,453	30	8
Amount due from joint venture	231,390	-	231,390	-
Less: Allowance for impairment loss	-	(22,014)	-	-
	252,548	12,439	231,420	8
Deposits	820	1,072	30	30
Prepayments	3,419	3,620	76	76
	256,787	17,131	231,526	114
	534,221	276,502	231,526	114
	686,557	743,180	406,485	497,116

The Group's normal trade credit term ranges from 14 to 90 (2014: 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The allowance for impairment loss in other receivables of the Group related to the quantity discounts receivable from a supplier in prior years. During the financial year, the allowance for impairment loss had been written off after due consideration by the management.

Amount due from a subsidiary

The amount due from a subsidiary is unsecured and subject to interest rate of 5% (2014: 5%) per annum and repayable in 2017.

Amount due from joint venture

The trade amount due from joint venture is subject to normal trade terms.

The non-trade amount due from joint venture is unsecured and subject to interest rates of 4.6% to 9.2% (2014: 4.6% to 9.2%) per annum. The non-current balance is repayable in 2017.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. Inventories

	Gr	roup
	2015 RM′000	2014 RM′000
Raw materials	47,823	99,649
Work-in-progress	19,213	21,851
Finished goods	101,104	100,941
Merchandise goods	122,815	130,047
Spare parts	2,202	2,352
At 31 July	293,157	354,840

13. Cash and cash equivalents

	Gr	Group		pany
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM'000
Deposits placed with licensed banks	27,501	3,497	21,239	3,497
Cash and bank balances	37,983	53,180	817	962
	65,484	56,677	22,056	4,459

14. Capital and reserves

	Amount 2015 RM'000	Group and Number of shares 2015 RM'000	l Company Amount 2014 RM'000	Number of shares 2014 RM'000
Authorised: Ordinary shares of RM0.50 each	1,000,000	2,000,000	1,000,000	2,000,000
Issued and fully paid: Ordinary shares of RM0.50 each At 1 August Share options exercised Warrants exercised	358,978 217 -	717,956 434 -	356,871 2,106 1	713,742 4,212 3
At 31 July	359,195	718,390	358,978	717,957

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

14. Capital and reserves (Cont'd)

Reserves

		Group		Company	
	Note	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Non-distributable:					
Share premium		38,160	38,143	38,160	38,143
Warrant reserves	14.1	18,459	18,459	18,459	18,459
Other reserves					
Translation reserves	14.2.1	(140)	(107)	-	-
Fair value reserves	14.2.2	(504)	(36)	-	-
Capital reserves	14.2.3	(353)	(353)	(353)	(353)
Share option reserves	14.3	3,742	2,591	3,742	2,591
Treasury shares	14.4	(7,496)	(7,495)	(7,496)	(7,495)
		51,868	51,202	52,512	51,345
Distributable: Retained earnings		461,086	542,453	91,215	125,419
		512,954	593,655	143,727	176,764

14.1 Warrant reserves

The warrant reserves arose from the allocation of the proceeds received from the issuance of the warrants by reference to the fair value of the warrants and net of expenses incurred in relation to the rights issue in the previous financial year.

Warrants 2013/2017

No warrants were exercised during the financial year and the number of warrants outstanding as at 31 July 2015 was 88,533,692.

The salient terms of the Warrants 2013/2017 are as follows:

- (a) The Warrants can be exercised any time during the tenure of 5 years commencing from the date of issue of 10 January 2012 to 9 January 2017 ("Exercise Period"). Warrants not exercised during the Exercise Period will lapse and cease to be valid; and
- (b) Each warrant entitles holder to subscribe for one new ordinary share in the Company at the exercise price of RM0.69 at any time during the Exercise Period.

14.2 Other reserves

14.2.1 Translation reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

14.2.2 Fair value reserves

The fair value reserves comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

14.2.3 Capital reserves

The capital reserves comprise the equity component of redeemable convertible secured bonds. It represents the residual amount of the convertible bonds after deducting the fair value of the liability component. The amount is presented net of transaction costs and deferred tax liabilities.

14. Capital and reserves (Cont'd)

14.3 Share option reserves

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

14.4 Treasury shares

During the financial year, the Company repurchased 1,000 of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.58 per share including transaction costs, and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares. As at 31 July 2015, a total of 5,482,000 buy-back shares were held as treasury shares and carried at cost.

15. Loans and borrowings

	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Non-current				
Secured:				
Redeemable convertible bonds	131,346	127,758	131,346	127,758
Current				
Secured:				
Redeemable convertible bonds	2,199	2,199	2,199	2,199
Bankers' acceptances	363,181	386,039	-	-
Bank overdrafts	-	1,736	-	-
Revolving credit	30,000	60,000	30,000	30,000
	395,380	449,974	32,199	32,199
	526,726	577,732	163,545	159,957

Security

- (a) The redeemable convertible bonds are secured by a first legal charge over property of a subsidiary with carrying amount of RM66,751,000 (2014 : RM67,804,000) and the land and buildings of the Company with carrying amount of RM100,735,000 (2014 : RM102,050,000) (see Note 5).
- (b) The Company has extended corporate guarantees amounting to RM393,181,000 (2014 : RM447,775,000) as at the reporting date to financial institutions for banking facilities granted to certain subsidiaries. The Directors have assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material as the subsidiaries concerned are in positive financial standings to meet their obligations as and when they fall due.

15. Loans and borrowings (Cont'd)

Redeemable convertible secured bonds ("the Bonds")

On 5 April 2012 ("Issue date"), the Company issued a 7-year RM147 million nominal value of 4.5% redeemable convertible secured bonds. The liability component of the Bonds is recognised in statements of financial position as follows:

	Group and 2015 RM′000	Company 2014 RM′000
At 1 August Accreted interest	129,957 3,588	126,686 3,271
At 31 July	133,545	129,957

The holder of the Bonds may on 5th anniversary of the Issue date (ie. 5 April 2017) require the Company to redeem all or part of the Bonds by giving no less than 90 days irrevocable prior written notice to the Company.

Unless previously redeemed, converted, purchased and cancelled, the Bonds shall be redeemed by the Company at its nominal value on the 7th anniversary of the Issue date (ie. 5 April 2019) ("Maturity date").

The Bonds are convertible into ordinary shares of RM0.50 each at the option of the holder at conversion price of RM0.70 at any time between issuance up to Maturity date.

The Bonds carry a coupon rate of 4.5% per annum on the nominal value payable semi-annually in arrears.

16. Trade and other payables

	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM'000
Current Trade				
Trade payables	34,027	43,936	-	-
Amount due to a related party	19,268	3,771	-	-
	53,295	47,707	-	_
Non-trade				
Other payables	18,045	6,538	112	8
Accruals	19,632	14,598	4,129	2,373
Deposits received	2,844	2,630	12	-
Advances from customers	-	4,016	-	-
Amount due to subsidiaries	-	-	169,278	134,378
Amount due to a related party	3,531	-	-	-
	44,052	27,782	173,531	136,759
	97,347	75,489	173,531	136,759

16. Trade and other payables (Cont'd)

Amount due to a related party

The trade amount due to a related party is subject to normal trade terms.

The non-trade amount due to a related party is unsecured, non-interest bearing and repayable upon demand.

Amount due to subsidiaries

The amount due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and repayable upon demand. The amount due to subsidiaries will be offset against future dividends and rental receivable from these subsidiaries.

17. Revenue

	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Sale of goods and services	1,242,030	1,098,550	-	-
Rental of scaffolding equipment	15,397	11,820	-	-
Dividend income	-	-	19,560	6,240
Rental of properties	192	120	7,992	7,920
Management fee	-	-	3,720	3,720
	1,257,619	1,110,490	31,272	17,880

18. Cost of sales

	G	roup
	2015 RM′000	2014 RM′000
Cost of inventories sold Depreciation of scaffolding equipment for hire	1,139,763 5,893	1,008,347 5,521
	1,145,656	1,013,868
Included in the cost of inventories sold are the following:		
Direct and indirect labour costs Upkeep of property, plant and equipment Depreciation of property, plant and equipment	12,022 5,883 14,613	11,393 5,487 14,717

19. Finance costs

	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Interest expense on:				
Bank overdrafts	121	142	-	-
Bankers' acceptances	18,403	14,515	-	-
Invoice financing	-	84	-	-
Revolving credit	3,271	1,216	1,726	14
Onshore foreign currency loan	122	509	-	-
Redeemable convertible secured				
bonds	10,184	9,922	10,184	9,922
	32,101	26,388	11,910	9,936

20. Income tax expense

Recognised in profit or loss

	Gr	Group		pany
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Current tax				
Malaysian - current - prior years	10,130 (704)	9,612 (4,290)	3,295 (438)	3,929 111
	9,426	5,322	2,857	4,040
Deferred tax				
Origination and reversal of				
temporary differences	1,667	3,010	(901)	(827)
Over provision in prior years	(747)	(4,046)	-	-
	920	(1,036)	(901)	(827)
Total income tax expense	10,346	4,286	1,956	3,213

Reconciliation of tax expense

	Gr	Group		pany
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
(Loss)/Profit before tax Share of loss/(profit) after tax of	(66,460)	49,851	(27,970)	14,370
equity accounted investees	59,674	(484)	-	-
	(6,786)	49,367	(27,970)	14,370

20. Income tax expense (Cont'd)

Reconciliation of tax expense (Cont'd)

	Gr	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000	
Income tax calculated using					
Malaysian tax rate of 25%	(1,696)	12,342	(6,992)	3,593	
Effect of tax rate in foreign					
jurisdictions	(39)	153	-	-	
Income not subject to tax	(915)	(1,269)	(4,911)	(1,563)	
Non-deductible expenses	14,671	1,490	14,297	1,072	
Double deduction expenses	(25)	(39)	-	-	
Temporary difference for which no deferred tax assets was					
recognised	(199)	(55)	-	-	
Over provision of					
deferred tax in prior years	(747)	(4,046)	-	-	
(Over)/Under provision of current					
tax in prior years	(704)	(4,290)	(438)	111	
Income tax expense	10,346	4,286	1,956	3,213	

21. (Loss)/Profit for the year

	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
(Loss)/Profit for the year is arrived after charging/ (crediting):				
Personnel expenses:				
Salaries, wages and others	39,253	33,305	8,152	6,727
Defined contribution plan	3,944	3,298	1,004	832
Auditors' remuneration:				
- Audit fees				
KPMG in Malaysia	305	280	85	83
Other auditors	18	16	-	-
- Non audit fees				
KPMG in Malaysia	20	20	20	20
Reversal of impairment loss of trade receivables	-	(2)	-	-
Depreciation of property, plant and equipment	23,842	23,638	234	241
Depreciation of investment properties	159	158	1,315	1,315
Equity-settled share based payments	1,168	1,713	1,168	1,713
Minimum lease payments recognised as operating				
lease expense for:	1 0 1 0	1 000		
- Land and buildings	1,212	1,096	-	-
- Office equipment - Gas tank	17 9	9	-	-
	-	10	-	-
Property, plant and equipment written off	110	57	-	-

21. (Loss)/Profit for the year (Cont'd)

	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
(Loss) / Profit for this year is arrived after charging / (crediting) :				
Write down of inventories	8,805	916	-	-
Impairment loss - investment in joint venture	55,000	-	55,000	-
Gain on bargain purchase arising from acquisition of subsidiary	(72)	-	-	-
Gain on disposals of property, plant and equipment	(2,442)	(2,272)	-	-
Gain on disposals of available-for-sale financial assets	-	(255)	-	-
Rental income from investment properties	(948)	(862)	(7,992)	(7,920)
Gross dividend income	(123)	(100)	(19,560)	(6,240)
Net foreign exchange gain				
- Realised	(4,503)	(3,341)	-	-
- Unrealised	(3,014)	(1,698)	-	-
Net overdue interest income	(145)	(175)	-	-
Finance income:				
- Deposits	(532)	(329)	(123)	(99)
- Available-for-sale financial assets	(1,601)	(1,008)	(85)	(25)
- Joint venture	(20,215)	(18,031)	(20,215)	(18,031)
- Subsidiary	-	-	(1,606)	(1,606)

22. Key management personnel compensation

	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Executive directors - Remuneration - Other short-term employee benefits	4,163	3,919 20	3,592	3,207
	4,163	3,939	3,592	3,207
Non-executive directors: - Fees - Other emoluments	353 18	352 24	315 18	315 24
	371	376	333	339
	4,534	4,315	3,925	3,546

23. (Loss)/Earnings per ordinary share

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share at 31 July 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Gro	oup
	2015	2014
(Loss)/Profit attributable to ordinary shareholders (RM'000)	(77,089)	45,565
Weighted average number of ordinary shares ('000)		
Issued ordinary shares at 1 August	713,742	713,742
Effect of treasury shares held	(5,482)	(5,481)
Effect of ordinary shares issued	361	1,115
Weighted average number of ordinary shares at 31 July	708,621	709,376
Basic (loss)/earnings per share (sen)	(10.88)	6.42

Diluted (loss)/earnings per ordinary share

The calculation of diluted (loss)/earnings per ordinary share at 31 July 2015 was based on (loss)/profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential ordinary shares.

No diluted (loss)/earnings per share is disclosed as there are no dilutive potential ordinary shares.

24. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM′000	Date of payment
2015			
Final 2014 ordinary (single tier)	0.60	4,278	13 February 2015
2014			
Final 2013 ordinary (single tier)	0.60	4,250	22 January 2014

After the reporting period, the following dividends were proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

		Group
	Sen per share RM′000	Total amount payment
Final 2015 ordinary (single tier)	0.30	2,155

25. Operating segments

(a) Business Segments

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

- (i) The trading segment is importers, exporters and general dealers in steel products, hardware and building materials;
- (ii) The manufacturing segment involved in manufacturing, renting and distributing of steel pipes, hollow sections, scaf folding equipment, accessories and other steel products;
- (iii) The property and investment segment involved in investment in and renting out property and investment holding; and
- (iv) The transportation segment involved in provision of transportation of goods by lorries.
- (v) The mining exploration segment involved in exploring, contracting and activities related to the mining, processing and sale of iron ore.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Group income taxes are managed on a group basis and are not allocated to operating segments.

(b) Geographical Segments

No segmental information is provided on a geographical basis as the activities of the Group are carried out predominantly in Malaysia.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Performance is measured based on segment profit before tax, interest and depreciation as included in the internal management reports that are reviewed by the Executive Director and Group Operation Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Executive Director and Group Operation Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is included in the internal management reports and provided regularly to the Executive Director and Group Operation Director. Hence disclosure is made on segment liability.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment.

25. Operating segments (Cont'd)

2015	Trading RM′000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Mining exploration RM'000	Eliminations RM'000	Total RM'000
Revenue							
External customers	647,224	610,201	192	2	-	-	1,257,619
Inter-segment	2,535	28,947	31,080	3,922	-	(66,484)	-
Total segment revenue	649,759	639,148	31,272	3,924	-	(66,484)	1,257,619
Results							
Segment profit	10,182	31,285	(49,492)	534	633	(59,602)	(66,460)
Included in the measure of segment							
profit are:	4 004	005	00.400				00.040
Finance income	1,021	885	20,423		-	-	22,349
Dividend income Finance cost	- 9,297	- 10,893	123 11,911	-	-	-	123 32,101
Depreciation	4,021	17,826	235	424	-	1,172	23,678
Share of loss of joint venture	4,021		- 200		_		(59,673)
Share of loss of associate	-	-	-	-	-	-	(1)
Assets							
Segment assets	427,671	574,689	731,711	3,877	20,459	(255,068)	1,503,339
Unallocated assets	-	-	-	-	-	-	5,567
Total assets	427,671	574,689	731,711	3,877	20,459	(255,068)	1,508,906
Liabilities							
Segment liabilities	297,354	224,749	337,846	509	18,696	(255,077)	624,077
Unallocated liabilities	-	-	-	-	-	-	11,888
Total liabilities	297,354	224,749	337,846	509	18,696	(255,077)	635,965
Other information Addition to non-current assets other than financial instruments and							
deferred tax assets	1,708	8,009	12	512	145	(32)	10,354
Property, plant and equipment written off	-	110	-	-	-	-	110
							0.005
Write-down of inventories	-	8,805	-	-	-	-	8,805

25. Operating segments (Cont'd)

	Trading RM'000	Manufacturing RM'000	Property and investment RM'000	Transportation RM'000	Eliminations RM'000	Total RM'000
2014						
Revenue	505 040	574 550	100			1 1 1 0 1 0 0
External customers	535,818	,	120	-		1,110,490
Inter-segment	2,308	23,924	17,760	3,939	(47,931)	-
Total segment revenue	538,126	598,476	17,880	3,939	(47,931)	1,110,490
Results						
Segment profit	4,837	37,277	6,809	444	484	49,851
Included in the measure of segment profit are:	1	- 1	- ,			-,
Finance income	669	517	18,167	15	-	19,368
Dividend income	-	-	100	-	-	100
Finance cost	6,926	9,526	9,936	-	-	26,388
Depreciation	3,341	18,140	1,961	354	-	23,796
Share of profit of joint venture	-	-	-	-	-	484
Assets						
Segment assets	411,559	614,441	725,072	3,755	(143 401)	1,611,426
Unallocated assets	-	-	-	-	-	6,178
Total assets	411,559	614,441	725,072	3,755	(143,401)	1,617,604
Liabilities						
Segment liabilities	286,459	272,976	236,758	448	(143,420)	653,221
Unallocated liabilities	- 200,400		- 200,700			11,750
Total liabilities	286,459	272,976	236,758	448	(143,420)	664,971
Other information						
Addition to non-current assets other than						
financial instruments and deferred tax assets	854	4,218	-	232	-	5,304
Property, plant and equipment written off	-	52	-	5	-	57
Reversal of impairment loss of trade receivables	2	-	-	-	-	2
Write-down of inventories	916	-	-	-	-	916

26. Financial instruments

26.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial assets ("AFS"); and

(c) Other financial liabilities measured at amortised cost ("OL").

2015	Carrying amount RM′000	L&R/ (OL) RM′000	AFS RM′000
Financial assets			
Group	0.040		0.040
Available-for-sale financial assets Trade and other receivables	3,340	-	3,340
(excluding prepayments)	683,138	683,138	
Cash and cash equivalents	65,484	65,484	-
	03,404	05,464	
	751,962	748,622	3,340
Company			
Available-for-sale financial assets	73	-	73
Trade and other receivables			
(excluding prepayments)	406,409	406,409	-
Cash and cash equivalents	22,056	22,056	-
	428,538	428,465	73
Financial liabilities			
Group			
Loans and borrowings	(526,726)	(526,726)	-
Trade and other payables	(97,347)	(97,347)	-
	(624,073)	(624,073)	-
Company			
Loans and borrowings	(163,545)	(163,545)	-
Trade and other payables	(173,531)	(173,531)	-
	(337,076)	(337,076)	_
	Carrying amount RM′000	L&R/ (OL) RM′000	AFS RM′000
2014			
Financial assets			
Group			
Available-for-sale financial assets	30,330	-	30,330
Trade and other receivables			
(excluding prepayments)	739,560	739,560	-
Cash and cash equivalents	56,677	56,677	-
	826,567	796,237	30,330

26.1 Categories of financial instruments (Cont'd)

2014	Carrying amount RM′000	L&R/ (OL) RM′000	AFS RM′000
Financial assets			
Company			
Available-for-sale financial assets Trade and other receivables	1,006	-	1,006
(excluding prepayments)	497,040	497,040	-
Cash and cash equivalents	4,459	4,459	-
	502,505	501,499	1,006
Financial liabilities			
Group Loans and borrowings	(577,732)	(577,732)	
Trade and other payables	(75,489)	(75,489)	-
	(653,221)	(653,221)	-
Company			
Loans and borrowings	(159,957)	(159,957)	-
Trade and other payables	(136,759)	(136,759)	-
	(296,716)	(296,716)	-

26.2 Net gains and losses arising from financial instruments

	Gr	oup	Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Net gains/(losses) on:				
Available-for-sale financial assets	1,256	518	85	25
Loans and receivables Financial liabilities	27,732	23,576	21,821	19,736
measured at amortised cost	(32,101)	(26,388)	(11,910)	(9,936)
	(3,113)	(2,294)	9,996	9,825

26.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and advances to joint venture. The Company's exposure to credit risk arises principally from loans and advances to joint venture and a subsidiary and corporate guarantees given to banks for credit facilities granted to subsidiaries and joint venture.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Gr	oup
	2015 RM′000	2014 RM′000
Domestic Asia Australia/New Zealand	245,525 31,909 -	230,716 28,549 106
	277,434	259,371

26.4 Credit risk (Cont'd)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Gross RM′000	Individual impairment RM'000	Net RM'000
2015			
Not past due	213,766	-	213,766
Past due 1 - 30 days	54,812	-	54,812
Past due 31 - 60 days	2,902	-	2,902
Past due 61 - 90 days	4,857	-	4,857
Past due more than 90 days	1,129	(32)	1,097
	277,466	(32)	277,434
2014			
Not past due	200,011	-	200,011
Past due 1 - 30 days	53,945	-	53,945
Past due 31 - 60 days	1,327	-	1,327
Past due 61 - 90 days	2,603	-	2,603
Past due more than 90 days	2,174	(689)	1,485
	260,060	(689)	259,371

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Gro	oup
	2015 RM′000	2014 RM′000
At 1 August Impairment loss reversed	689	691 (2)
Impairment loss roversed	(657)	\Z/ -
At 31 July	32	689

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Available-for-sale financial assets

Risk management objectives, policies and processes for managing the risk

Investments in available-for-sale financial assets are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

26.4 Credit risk (cont'd)

Available-for-sale financial assets (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The available-for-sale financial assets are unsecured.

Impairment losses

As at the end of the reporting period, there was no indication that the investments and other financial assets are not recoverable.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured corporate guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM393,181,000 (2014 : RM447,775,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter company balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to its subsidiary and joint venture. The Company monitors the results of these entities regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiary and joint venture are not recoverable.

26.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

26.5 Liquidity risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM′000	Contractual interest rate coupon	Contractual cash flows RM′000	Under 1 year RM′000	1-2 years RM′000	2-5 years RM′000	More than 5 years RM'000
2015 Non-derivative financial liabilities Secured bank loans							
and facilities Redeemable convertible	393,181	3.73% - 5.55%	393,181	393,181	-	-	-
secured bonds Trade and other payables*	133,545 97,347	4.50%	173,460 97,347	6,615 97,347	6,615	160,230 -	-
	624,073		663,988	497,143	6,615	160,230	-
2014 <i>Non-derivative</i> <i>financial liabilities</i> Secured bank loans and facilities Redeemable convertible secured bonds Trade and other payables*	447,775 129,957 75,489	3.63% - 7.60% 4.50% -	447,775 180,057 75,489	447,775 6,597 75,489	- 6,615 -	- 166,845 -	-
	653,221		703,321	529,861	6,615	166,845	-

26.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM′000	Contractual interest rate coupon	Contractual cash flows RM′000	Under 1 year RM′000	1-2 years RM′000	2-5 years RM′000	More than 5 years RM′000
Company 2015 Non-derivative financial liabilities Redeemable convertible							
secured bonds Revolving credit Trade and other payables*	133,545 30,000 5 173,531	4.50% 5.40% - 5.55% -	173,460 30,000 173,531	6,615 30,000 173,531	6,615 - -	160,230 - -	- -
	337,076		376,991	210,146	6,615	160,230	
2014 <i>Non-derivative</i> <i>financial liabilities</i> Redeemable convertible secured bonds Revolving credit Trade and other payables*	129,957 30,000 5 136,759	4.50% 5.10% - 5.30% -	180,057 30,000 136,759	6,597 30,000 136,759	6,615 - -	166,845 - -	- - -
	296,716		346,816	173,356	6,615	166,845	-

*The contractual cash flows of trade and other payables exclude derivatives, and where applicable, accruals for interest on borrowings have been included in the contractual cash flows of the respective financial liabilities.

26.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

26.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Singapore Dollar (SGD).

Risk management objectives, policies and processes for managing the risk

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group 2015	Denom USD RM′000	inated in SGD RM′000
Trade receivables Cash and cash equivalents	2,452 838	24,599 15,476
Total exposure	3,290	40,075
2014 Trade receivables Cash and cash equivalents	4,917 19,586	20,825 7,442
Total exposure	24,503	28,267

Currency risk sensitivity analysis

Foreign currency risk of the Group entities mainly arises from transactions dealing in SGD and USD. The exposure to other currency is not material and hence sensitivity analysis is not presented for other currency.

A 10% and 10% (2014: 5% and 5%) strengthening of the SGD and USD respectively against the functional currencies of the Group entities at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit	or loss
Group	2015 RM′000	2014 RM′000
SGD USD	3,006 247	1,060 918

26.6 Market risk (Cont'd)

26.6.1 Currency risk (Cont'd)

A 10% and 10% (2014: 5% and 5%) weakening of the SGD and USD respectively against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

26.6.2 Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities, available-for-sale financial assets and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group manages its interest rate exposure by maintaining fixed and floating rate borrowings. The Group reviews its debts portfolio, taking into account the investment holding period and nature of its assets.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Gr	oup	Com	pany
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000
Fixed rate instruments				
Financial liabilities				
Revolving credit	30,000	60,000	30,000	30,000
Bankers' acceptances	363,181	386,039	-	-
Redeemable convertible				
secured bonds	133,545	129,957	133,545	129,957
	526,726	575,996	163,545	159,957
Floating rate instruments Bank overdrafts	-	1,736	-	-
	526,726	577,732	163,545	159,957

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The exposure to interest rate risk arising from floating rate instruments is not material, and hence, sensitivity analysis is not presented.

26.6 Market risk (Cont'd)

26.6.3 Other price risk

Equity price risk arises from the Group's investments in quoted equity securities. The quoted equity securities is listed on the Bursa Malaysia Securities Berhad. The instrument is classified as available-for-sale investments.

Risk management objectives, policies and processes for managing the risk

Management of the Group monitors the equity investments on an individual basis and all buy and sell decisions are approved by the management.

Equity price risk sensitivity analysis

At the reporting date, if the share price had been 5% (2014: 5%) higher/lower, with all other variables held constant, the Group's other reserve in equity would have been RM97,950 (2014 : RM115,200) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-forsale.

Investment in unit trust funds

The Group's investment in unit trust funds in licensed financial institution within Malaysia is a fixed income fund which provides regular income stream and stable investment returns. The Group invested in the fund for cash management purpose. The exposure to the equity risk is not material and hence sensitivity analysis is not presented.

26.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's and the Company's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

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26.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value	f financial i at fair	ncial instrument at fair value	s carried	Fair value	of financia carried at	Fair value of financial instruments not carried at fair value	nts not	Total fair	Carrying
2015 Group	Level 1 RM′000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM′000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Value RM′000	Amount RM'000
Financial assets Investment in quoted shares Investment in unit trust funds	1,966	- 1,234	1 1	1,966 1,234	1 1		1 1	1 1	1,966 1,234	1,966 1,234
Amount due trom joint venture	I	I	ı	I	ı	'	384,141	384,141	384,141	384,141
	1,966	1,234		3,200			384,141	384,141	387,341	387,341
Financial liabilities Redeemable convertible secured bonds		1	1	,	1		(133,545)	(133,545) (133,545)	(133,545)	(133,545)
Company Financial assets Investment in unit trust funds Amount due from a subsidiary	1 1	- 73	1 1	- 73	1 1	1 1	- 22,623	- 22,623	73 22,623	73 22,623
Amount due from joint venture	I	I	I	I	I	I	383,726	383,726	383,726	383,726
	I	73		73	ı	1	406,349	406,349	406,422	406,422
Financial liabilities Redeemable convertible secured bonds				· ·			(133,545)	(133,545)	(133,545) (133,545) (133,545)	(133,545)

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26. Financial instruments (Cont'd)

26.7 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried	f financial i	ncial instrument at fair value	s carried	Fair value	of financia	Fair value of financial instruments not	ts not	Total fair	Carnving
2014 Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM′000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Value RM'000	Amount RM'000
Financial assets Investment in quoted shares Investment in unit trust funds	2,311	- 27,879	1 1	2,311 27,879	1 1	1 1	1 1	1 1	2,311 27,879	2,311 27,879
Annount aue monn joint Venture	I	ı	ı	ı	I	I	466,678	466,678	466,678	466,678
	2,311	27,879	1	30, 190		1	466,678	466,678	496,868	496,868
Financial liabilities Redeemable convertible secured bonds			1	1		1	(129,957)	(129,957)	(129,957)	(129,957)
Company Financial assets Investment in unit trust funds Amount due from subsidiaries		1,006	1 1	1,006	1 1	1 1	- 30,324	- 30,324	1,006 30,324	1,006 30,324
Amount due trom joint venture	I	I	ı	1	ı	ı	466,678	466,678	466,678	466,678
	I	1,006	ı	1,006	I	ı	497,002	497,002	498,008	498,008
Financial liabilities Redeemable convertible secured bonds	I						(129,957)	(129,957)	(129,957)	(129,957)

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26.7 Fair value information (Cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Туре	Description of valuation technique and inputs used
Amount due from joint venture and redeemable convertible secured bonds	Discounted cash flows using a rate based on the current market rate of bowing of the Company at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

27. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with bond covenants and regulatory requirements.

27. Capital management (Cont'd)

During 2015, the Group's strategy, which was unchanged from 2014, was to maintain the debt-to-equity ratio of less than 1.0. The debt-to-equity ratios were as follows:

		Gro	oup
	Note	2015 RM′000	2014 RM′000
Loans and borrowings	15	526,726	577,732
Less: Cash and cash equivalents	13	(65,484)	(56,677)
Less: Available-for-sale financial assets - current	9	(1,234)	(27,879)
Net debt		460,008	493,176
Total equity		872,941	952,633
Debt-to-equity ratios		0.53	0.52

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is also required to maintain minimum debt service cover ratio of 1.5 and debt-to-equity ratio of less than 1.0 to comply with bond covenant, failing which, the bank may call it an event of default. The Group has complied with the requirement.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rental are payable as follows:

	Gr	oup
	2015 RM′000	2014 RM′000
Less than one year	68	130
Between one and five years	22	12
	90	252

Operating lease payments represent rental payable by the Group for use of buildings and gas tank.

Leases as lessor

The Group leases out their investment properties under operating leases (see Note 4). The future minimum lease receivables under non-cancellable leases are as follows:

	G	roup
	2015 RM′000	2014 RM′000
Less than one year	752	692

29. Capital commitment

	Gr	oup
	2015 RM′000	2014 RM′000
Share of capital commitments of joint venture: Approved and contracted for Approved but not contracted for	24,024	49,940 3,402
	24,024	53,342

30. Contingent liabilities

	Gro	oup
	2015 RM′000	2014 RM′000
Unsecured		
In respect of indemnity provided for bank guarantees		
issued	15,523	6,751
In respect of guarantees issued in favour of Royal		
Customs and Excise Department	3,000	3,000
In respect of corporate guarantees issued to a		
joint venture	137,908	35,329

31. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and the Company, other than key management personnel compensation (see Note 22), are as follows:

Transaction with related parties

	2015 RM′000	2014 RM′000
Group		
Purchases of steel products from a company in which certain directors of the Company have significant interests:		
JK Ji Seng Sdn. Bhd.	155,854	89,870
Sales of steel products to joint venture		
Eastern Steel Sdn. Bhd.	(1,856)	(1,981)
Rental income from joint venture		
Eastern Steel Sdn. Bhd.	(192)	(120)

31. Related parties (Cont'd)

Transaction with related parties (Cont'd)

Company	2015 RM′000	2014 RM′000
Rental income from subsidiaries:		
Alpine Pipe Manufacturing Sdn. Bhd.	(3,120)	(3,120)
Huatraco Scaffold Sdn. Bhd.	(1,560)	(1,560)
Hiap Teck Hardware Sdn. Bhd.	(3,120)	(3,120)
Gross dividends income from subsidiaries:		
Hiap Teck Hardware Sdn. Bhd.	(3,000)	(1,800)
Alpine Pipe Manufacturing Sdn. Bhd.	(12,000)	(3,000)
Huatraco Scaffold Sdn. Bhd.	(4,200)	(900)
Briliant Decade Transport Agency Sdn. Bhd.	(360)	(180)
Hiap Teck Resources Sdn. Bhd.	-	(360)

The Directors of the Group and the Company are of the opinion that the above transactions have been entered into in the normal course of business and the terms have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Intercompany balances with the related parties

Group	2015 RM′000	2014 RM′000
Amount due to a related party JK Ji Seng Sdn. Bhd.	19,268	3,771
Wong Chin Dong (shareholder of Vista Mining Sdn. Bhd.)	3,531	
Amount due from joint venture		
Eastern Steel Sdn. Bhd.	(384,141)	(466,678)
Company		
Amount due to subsidiaries (net)		
Alpine Pipe Manufacturing Sdn. Bhd.	25,520	17,819
Huatraco Scaffold Sdn. Bhd.	4,300	4,432
Hiap Teck Hardware Sdn. Bhd.	116,563	80,232
Briliant Decade Transport Agency Sdn. Bhd.	272	295
Hiap Teck Resources Sdn. Bhd.	-	1,276
Amount due from joint venture		
Eastern Steel Sdn. Bhd.	(383,726)	(466,678)

32. Employee benefit

Share option programme (equity-settled)

On 19 April 2013, the Company granted 48,800,000 of share options to eligible Directors and employees under Employee Share Option Scheme ("ESOS"), approved by the shareholders of the Company on 23 November 2011. On 10 January 2014, the Company further granted 11,020,000 of share options on similar terms (except for exercise price) to eligible Directors and employees. On 15 January 2015, additional 8,950,000 of share options were granted on similar terms (except for exercise price) to eligible Directors and employees.

The salient terms of the ESOS are as follows:

- (i) Eligible Director named in the register of directors of the Group or an employee who is a confirmed full time employee of the Group and must attained the age of eighteen (18) years;
- (ii) For employee other than Directors, he must have been confirmed and must have served the Group on a continuous basis for a period of not less than one year on the 12 April 2012 ("Effective Date").
- (iii) The aggregate number of shares to be issued under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the Company;
- (iv) The Scheme shall be in force for a period of five (5) years from the Effective Date and may be extended or renewed (as the case may be) for a further period of five years, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial Scheme period stipulated above and such extension of the Scheme made pursuant to these ESOS By-laws shall not in aggregate exceed a duration of ten (10) years from the Effective Date;
- (v) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than par value of the shares of the Company of RM0.50;
- (vi) An option holder may, in a particular year, exercise up to such maximum number of shares in the offer letter at vesting date at 2 January 2014, 2015, 2016 and 2017 subject to the yearly performance targets set by the Board of Directors of the Company;
- (vii) The option granted to eligible Director/employee will lapse when they are no longer in employment of the Group.

The number and weighted average exercise prices of share options are as follows:

	Weight average exercise price 2015	Number of options ('000) 2015	Weighted average exercise price 2014	Number of options ('000) 2014
Outstanding at 1 Aug	RM0.53	50,523	RM0.50	46,530
Granted during the year	RM0.53	8,950	RM0.67	11,020
Forfeited during the year	RM0.53	(2,808)	RM0.54	(2,305)
Rejected during the year	-	-	RM0.67	(510)
Exercised during the year	RM0.50	(434)	RM0.50	(4,212)
Outstanding at 31 July	RM0.53	56,231	RM0.53	50,523
Exercisable at 31 July	RM0.50	38,539	RM0.50	40,493

32. Employee benefit (Cont'd)

The options outstanding at 31 July 2015 have an exercise price in range of RM0.50 to RM0.53 (2014: RM0.50 to RM0.67) and a weighted average contractual life of 2 years (2014: 3 years).

During the financial year, 434,000 (2014: 4,212,000) share options have been exercised. The weighted average share price at the date of exercise for the year was RM0.50 (2014: RM0.50).

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using a binomial lattice model, with the following inputs:

	2015	2014
Fair value of share options and assumptions		
Fair value at grant date	RM0.07	RM0.21
Weighted average share price	RM0.74	RM0.76
Share price at grant date	RM0.64	RM0.73
Option life (expected weighted average life)	2 years	3 years
Risk-free interest rate	3.8%	3.0%

Value of employee services received for issue of share options

	Group and 2015 RM′000	Company 2014 RM′000
Share options granted in 2013	326	607
Share options granted in 2014	432	1,106
Share options granted in 2015	410	-
Total expense recognised as share based payments	1,168	1,713

The share options expense is recognised in the profit or loss.

33. Acquisition of subsidiary

On 18 September 2014, the Group, via its wholly-owned subsidiary, Hiap Teck Resources Sdn. Bhd., entered into a Subscription Agreement with Vista Mining Sdn. Bhd. ("Vista") for the subscription of 550,000 new ordinary shares of RM1 each in Vista at an issue price of RM1 per share, representing 55% of the issued and paid-up share capital of Vista for a total consideration of RM550,000.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	Note	Group 2015 RM′000
Cash paid		550
Identifiable assets acquired and liabilities assumed		
Property, plant and equipment	3	1,324
Mining exploration and evaluation assets	4	17,287
Trade and other receivables		58
Cash and cash equivalents		597
Trade and other payables		(18,135)
Total identifiable net assets		1,131
Gain on bargain purchase		
Gain on bargain purchase was recognised in profit or loss		
as a result of the acquisition as follows:		
Total consideration transferred		550
Fair value of identifiable net assets		(1,131)
Non-controlling interests, based on their proportionate		
interest in the recognised amounts of the asset and		500
liabilities of the acquiree		509
Gain on bargain purchase		(72)
Net cash inflow arising from acquisition of subsidiary		
Purchase consideration settled in cash and cash equivalents		550
Cash and cash equivalents acquired		(597)
		(47)

34. Significant event

On 1 June 2015, the Company had made an announcement that the Company is proposing to undertake the following proposal:

- (i) A Renounceable Rights Issue of up to RM213,718,300 nominal value of five (5)-year 5% Redeemable Convertible Unsecured Islamic Debt Securities ("RCUIDS") at 100% of its nominal value on the basis of two (2) RM0.50 nominal value of RCUIDS for every five (5) existing ordinary shares of RM0.50 each in the Company ("HTVB shares" or "shares") held on an entitlement date to be determined later together with up to 320,577,450 free detachable warrants ("new warrants") on the basis of three (3) new warrants for every four (4) RM0.50 nominal value of RCUIDS subscribed ("Proposed Rights Issue");
- (ii) A Bonus issue of up to 213,718,300 new HTVB shares to be credited as fully paid-up ("bonus shares") on the basis of one (1) bonus share for every two (2) RM0.50 nominal value of RCUIDS subscribed by the entitled shareholders of the Company and/or their renounce(s) pursuant to the proposed rights issue ("Proposed Bonus Issue");
- An increase in the authorised share capital of the Company from RM1,000,000,000 comprising 2,000,000,000 HTVB shares of RM0.50 each to RM2,000,000 comprising 4,000,000,000 HTVB shares of RM0.50 each ("Proposed ISAC"); and
- (iv) An amendment to the Memorandum and Articles of Association of the Company ("Proposed Amendments").

The Proposed Rights Issue, Proposed Bonus Issue, Proposed ISAC and Proposed Amendments are inter-conditional upon each other.

The Ministry of International Trade and Industry had, via its letter dated 13 August 2015, confirmed that it has no objection to the Proposed Rights Issue and Proposed Bonus Issue.

The Securities Commission Malaysia ("SC") had, vide its letter dated 1 October 2015, approved the issuance of the RCUIDS, subject to compliance with the standard conditions and continuing obligations as stipulated in the Guidelines on Issuance of Private Debt Securities and Sukuk to Retail Investors.

35. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 31 July, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Gr	Group		Company	
	2015 RM′000	2014 RM′000	2015 RM′000	2014 RM′000	
Total retained earnings of the Company and its subsidiaries					
- realised - unrealised	560,271 13,014	583,923 10,778	95,124 (3,909)	130,229 (4,810)	
	573,285	594,701	91,215	125,419	
Total share of accumulated losses of equity accounted investees					
- realised - unrealised	(35,467) (51,893)	(9,654) (18,033)	-	-	
Less: Consolidation adjustments	(24,839)	(24,561)	-	-	
Total retained earnings	461,086	542,453	91,215	125,419	

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.*

In the opinion of the Directors, the financial statements set out on pages 45 to 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 35 on page 114 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Tan Sri Dato' Law Tien Seng

Foo Kok Siew

Kuala Lumpur,

Date: 26 October 2015



I, **Ooi Ai Leng**, the officer primarily responsible for the financial management of Hiap Teck Venture Berhad, do solemnly and sincerely declare that the financial statements set out on pages 45 to 114 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 26 October 2015.

Ooi Ai Leng

Before me: 26 October 2015

Shafie bin Daud Commissioner for Oaths (NO.W350)

INDEPENDENT AUDITORS' REPORT

to the members of Hiap Teck Venture Berhad

Report on the Financial Statements

We have audited the financial statements of Hiap Teck Venture Berhad, which comprise the statements of financial position as at 31 July 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 45 to 113.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 July 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 35 on page 114 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG Firm Number: AF 0758 Chartered Accountants Lam Shuh Siang Approval Number: 3045/02/17(J) Chartered Accountant

Petaling Jaya,

Date: 26 October 2015

PROPERTIES OF THE GROUP As at 31 July 2015

Location	Description and Extisting Usage	Tenure	Approximate Age of Building (years)	Approximate Land Area (acres)	Build Up Area (sq. metres)	Net Carrying Amount as at 31 July 2015 (RM)	Date of Acquisition	Date of Last Revaluation
Company and its subsidiaries								
Lot 6085, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	17.5	9	19,005	23,020,139	29-May-03	30-Dec-11
Lot 6088, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory with a 2 storey office	Freehold	17.5	9	18,732	22,727,050	29-May-03	30-Dec-11
Lot 6089, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	16.5	9	18,516	23,368,509	29-May-03	30-Dec-11
Lot 6095, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse	Freehold	16	10.013	22,341	27,048,468	5-Jul-96	30-Dec-11
Lot 6096, Mukim of Kapar District of Klang Selangor Darul Ehsan	Single storey factory/ warehouse with 4 storey office building	Freehold	16	9.483	12,179	17,895,171	5-Jan-95	30-Dec-11
Lot 6097, Mukim of Kapar District of Klang Selangor Darul Ehsan	Agricultural Land	Freehold	-	5.0	-	6,858,961	14-Jan-12	-
Lot 54959 (formerly PT40530), Mukim of Kapar, District of Klang, Selangor	Single storey detached factory with a double storey office building	Freehold	9	18.0	53,243	66,750,735	23-Oct-08	30-Dec-11
51-C, Tingkat Dua Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20 40160 Shah Alam	Shop office	Freehold	15	-	144.929	157,288	20-Aug-99	30-Dec-11

40160 Shah Alam

PROPERTIES OF THE GROUP (Cont'd) As at 31 July 2015

Location	Description and Extisting Usage	Tenure	Approximate Age of Building (years)	Approximate Land Area (acres)	Build Up Area (sq. metres)	Net Carrying Amount as at 31 July 2015 (RM)	Date of Acquisition	Date of Last Revaluation
Company and its subsidiaries (Cont'o	(k							
4727-01, Jalan Sri Putri 5/7 Taman Putri Kulai 81000 Kulai Johor Darul Takzim	Shop office apartment	Freehold	17	-	143.07	101,226	2-Aug-99	30-Nov-11
No.8, Jalan Firma 3, Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single storey detached factory building	Leasehold (60 years) expiring 1/31/60	12	1	2,536.30	2,154,445	27-Feb-07	28-Dec-11
No. 6, Jalan Firma 3, Tebrau IV Industrial Estate 81100 Johor Bahru Johor Darul Takzim	Single storey factory with a 2 storey office	Leasehold (60 years) expiring 1/31/60	13	1.554	3,995.76	4,736,932	6-Jun-07	22-Dec-11
Lot 169, Mukim of Plentong District of Johor Bahru Johor Darul Takzim	Vacant agricultural land	Freehold	-	5.1	-	484,968	9-Jun-95	6-Jan-12
Lot 296, Mukim 13 District of Seberang Perai Tengah, Pulau Pinang	Single storey warehouse with 2 storey office	Leasehold (60 years) expiring 3/10/58	9	2.241	2,453	2,152,076	6-Jul-96	29-Nov-11
Jointly controlled entity								
Lot 6293 & Lot 6294 Mukim Teluk Kalung Kemaman, Terengganu	Blast furnance plant	Leasehold (60 years) expiring 1 April 2068	-	608.62	-	128,776,974	2-Apr-08	20-Oct-11
Lot 60129, Lot 60130, Lot 60131 Mukim Teluk Kalung Kemaman, Terengganu	Vacant industrial land	Leasehold (60 years) expiring 14 April 2073	-	600	-	5,138,550	3-Apr-13	-
Lot 50497 Mukim Teluk Kalung Kemaman, Terengganu	Staff housing	Leasehold (99 years) expiring 29 July 2011	-	50	-	510,061	28-May-12	-

Authorised Share Capital	: RM1,000,000,000.00
Issued and Fully Paid-Up Share Capital	: RM361,899,404.00 (723,798,808 Ordinary Shares of RM0.50 each) *
Class of shares	: Ordinary shares of RM0.50 each
Voting right	: One vote per Ordinary Share held

* Includes treasury shares of 5,482,000 Ordinary Shares of RM0.50 each

Analysis By Size Of Shareholdings As At 30 October 2015

Size of shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	124	2.19	4,368	0.00
100 - 1,000	436	7.71	372,355	0.05
1,001 - 10,000	2,622	46.35	15,333,673	2.15
10,001 - 100,000	1,996	35.28	70,560,525	9.90
100,001 to less than 5% of issued shares	474	8.38	277,609,639	38.94
5% and above of issued shares	5	0.09	349,028,248	48.96
Total	5,657	100.00	712,908,808	100.00

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 OCTOBER 2015

No.	Names	No. of Shares	Percentage (%)
1.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	98,290,800	13.79
2.	Cartaban Nominees (Asing) Sdn Bhd Exempt An for Standard Chartered Bank Singapore Branch (SG PVB CL AC)	87,582,048	12.29
3.	HLIB Nominees (Asing) Sdn Bhd Shougang International (Singapore) Pte Ltd	64,392,000	9.03
4.	CIMSEC Nominees (Asing) Sdn Bhd Shougang International (Singapore) Pte Ltd	50,000,000	7.01
5.	Lembaga Tabung Haji	48,763,400	6.84
6.	K.H.L. Sdn Bhd	26,760,500	3.75
7.	Kenanga Nominees (Asing) Sdn Bhd Lavington International Limited	24,060,000	3.37
8.	Sheng Hsia Wei	14,093,000	1.98
9.	Sim Ah Seng	9,502,900	1.33
10.	AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	4,926,900	0.69
11.	Phuah Quk Shue @ Pua Guk Shue	4,200,000	0.59
12.	Yap Kim Foong	3,890,000	0.55
13.	Ng Soon Tong	3,500,000	0.49

LIST OF THIRTY (30) LARGEST SHAREHOLDERS AS AT 30 OCTOBER 2015 (Cont'd)

No.	Names	No. of Shares	Percentage (%)
14.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	3,500,000	0.49
15.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ah Nyuk Len (MQ0340)	3,354,000	0.47
16.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	3,160,000	0.44
17.	Lim Wan Loo	2,681,500	0.38
18.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sin Huan Kwang (E-Twu)	2,522,200	0.35
19.	Loo Chee Lain	2,270,000	0.32
20.	Chin Chin Seong	2,200,000	0.31
21.	Amanahraya Trustees Berhad Amanah Saham Sarawak	2,000,000	0.28
22.	CIMB Islamic Trustee Berhad For TR1061	2,000,000	0.28
23.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Pheng Yin Huah (M68114)	2,000,000	0.28
24.	Mary Ang Poh Chan	2,000,000	0.28
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Ong Ngo @ Tay Boon Fang	2,000,000	0.28
26.	Maybank Securities Nominees (Asing) Sdn Bhd Maybank Kim Eng Securities Pte Ltd for Ng Aik Cheng	2,000,000	0.28
27.	Lee See Leong	1,900,001	0.27
28.	Kong Sai Keong	1,873,500	0.26
29.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Ah Wah (471917)	1,770,900	0.25
30.	Teoh Peir Song	1,733,030	0.24
	Total:	478,926,679	67.18

Directors' Shareholdings as at 30 October 2015 (As per the Register of Directors' Shareholdings of the Company)

Names	< Direct No. of Shares	%	Indirect No. of Shares	%
1. Tan Sri Abdul Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	187,582,048 ^(a)	26.31
3. Lee Ching Kion	-	-	41,864 ^(b)	0.01
4. Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
5. Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-
6. Foo Kok Siew	-	-	-	-
7. Sun Yanmin	-	-	-	-
8. Tan Shau Ming	-	-	330 ^(c)	0.00

Notes:

(a) Deemed interest pursuant to Section 6A(4) of the Companies Act, 1965 by virtue of his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.

(b) Deemed interest by virtue of his spouse, Madam Mok Quee Hwa's direct shareholdings in the Company.

(c) Deemed interest by virtue of his spouse, Madam Ng Siew Cho's direct shareholdings in the Company.

Substantial Shareholdings as at 30 October 2015

(As per the Register of Substantial Shareholders of the Company)

	- Direct	→	Indirect	>
Names	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Law Tien Seng	-	-	187,582,048 ^(a)	26.31
Puan Sri Datin Saw Geok Ngor	-	-	187,582,048 ^(b)	26.31
TS Law Investments Limited	187,582,048	26.31	-	-
Amardale Offshore Inc.	-	-	187,582,048 ^(c)	26.31
Lembaga Tabung Haji	48,763,400	6.84	-	-
Shougang International (Singapore) Pte Ltd	64,392,000	9.03	-	-
China Shougang International Trade & Engineering Co	rporation -	-	64,392,000 ^(d)	9.03
Shougang Corporation	-	-	64,392,000 ^(d)	9.03

Notes:

- (a) Deemed interest pursuant to Section 6A(4) of the Companies Act, 1965 ("the Act") by virtue of his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.
- (b) Deemed interest by virtue of her spouse, Tan Sri Dato' Law Tien Seng's indirect shareholdings in the Company vide his shareholdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.
- (c) Deemed interest by virtue of its shareholdings in TS Law Investments Limited which is a substantial shareholder the Company.
- (d) Deemed interest pursuant to Section 6A(4) of the Act by virtue of Shougang Corporation being the holding company of China Shougang International Trade & Engineering Corporation which in turn controls Shougang International (Singapore) Pte Ltd.

No. of Warrants in Issue	: 88,533,692	
No. of Warrant Holders	: 2,231	
Exercise Price of Warrants	: RM0.69 per share	
Voting Rights	: One (1) Vote per warrant holder on show of hands	} in the meeting
	: One (1) Vote per warrant holder on a poll of warrant	} of warrant
	holders	} holders

Analysis By Size Of Warrant Holdings As At 30 October 2015

Size of Warrant Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 100	191	8.56	8,238	0.01
100 - 1,000	642	28.78	334,368	0.38
1,001 - 10,000	865	38.77	3,108,518	3.51
10,001 - 100,000	437	19.59	15,170,382	17.14
100,001 to less than 5% of issued shares	94	4.21	30,842,390	34.84
5% and above of issued shares	2	0.09	39,069,796	44.13
Total	2,231	100.00	88,533,692	100.00

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 30 OCTOBER 2015

No.	Names	No. of Shares	Percentage (%)
1.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	31,020,796	35.04
2.	HLIB Nominees (Asing) Sdn Bhd Shougang International (Singapore) Pte Ltd	8,049,000	9.09
3.	Sim Ah Seng	1,500,000	1.69
4.	H'ng Bok Chuan	1,450,500	1.64
5.	Sheng Hsia Hwei	1,382,900	1.56
6.	George Lee Sang Kian	1,169,100	1.32
7.	Lim Wan Loo	1,063,950	1.20
8.	Biovector Capital Sdn Bhd	1,041,600	1.18
9.	Tan Chin Teong	1,000,700	1.13
10.	Chin Chin Seong	737,900	0.83
11.	Lee Hai Guan	638,600	0.72
12.	George Lee Sang Kian	600,000	0.68
13.	Lim Kok Seng	600,000	0.68
14.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Chin Seong	578,200	0.65

No.	Names	No. of Shares	Percentage (%)
15.	Lee Tze Nei	560,000	0.63
16.	Lim Chooi Heok	550,500	0.62
17.	Lim Mooi Fong	482,000	0.54
18.	Ter Leong Swee	480,000	0.54
19.	Kuan Eng Lai	466,000	0.53
20.	Siau Kau San @ Siow Koi Shian	408,800	0.46
21.	Chong Kim Sang	402,700	0.45
22.	CK Goh Holdings Sdn Bhd	400,000	0.45
23.	Goh Chye Keat	400,000	0.45
24.	Kenanga Nominees (Asing) Sdn Bhd Lavington International Limited	400,000	0.45
25.	Chor Kin Keong	393,117	0.44
26.	Phuah Guk Shue @ Pua Guk Shue	375,000	0.42
27.	Chong Pei Thin	372,000	0.42
28.	Maybank Nominees (Tempatan) Sdn Bhd Goh Suat Guat	360,000	0.41
29.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Yeap Yee Soon (MY0586)	355,000	0.40
30.	Loo Chee Lain	350,125	0.40
	Total:	57,588,488	65.05

LIST OF THIRTY (30) LARGEST WARRANT HOLDERS AS AT 30 OCTOBER 2015 (Cont'd)

Directors' Warrant Holdings as at 30 October 2015 (As per the Register of Directors' Warrant Holdings of the Company)

Names	Oirect No. of Warrants	%	Indirect No. of Warrants	%
1. Tan Sri Abdul Rahman Bin Mamat	-	-	-	-
2. Tan Sri Dato' Law Tien Seng	-	-	31,020,796 ^(a)	35.04
3. Lee Ching Kion	-	-	-	-
4. Ng Soon Lai @ Ng Siek Chuan	-	-	-	-
5. Leow Hoi Loong @ Liow Hoi Loong	-	-	-	-
6. Foo Kok Siew	-	-	-	-
7. Sun Yanmin	-	-	-	-
8. Tan Shau Ming	-	-	-	-

Notes:

(a) Deemed interest pursuant to Section 6A(4) of the Companies Act, 1965 by virtue of his warrant holdings in Amardale Offshore Inc. which has a controlling interest in TS Law Investments Limited, a substantial shareholder the Company.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of the Company will be held at Setia City Convention Centre, Function Room 8, 1st Floor, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 15 December 2015 at 2.30 p.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS:-

1.	To receive the Audited Financial Statements of the Company for the year ended 31 July 2015 together with the Directors' and Auditors' Reports attached thereon.	Please refer to Note B on this Agenda
2.	To approve the Directors' fees to RM315,000 for the financial year ended 31 July 2015.	Ordinary Resolution 1
3.	To approve a Single Tier Final Dividend of 0.30sen per share for the financial year ended 31 July 2015.	Ordinary Resolution 2
4.	To re-elect the following Directors who are retiring in accordance with Article 79 of the Company's Articles of Association:- 4.1 Mr. Lee Ching Kion 4.2 Mr. Foo Kok Siew	Ordinary Resolution 3 Ordinary Resolution 4
5.	To re-elect Mr Sun Yanmin who is retiring in accordance with Article 84 of the Company's Articles of Association.	Ordinary Resolution 5
6.	To re-appoint Messrs KPMG as the Company's Auditors for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6

7. AS SPECIAL BUSINESS:-

To consider and, if thought fit, to pass with or without modifications, the following Resolutions:-

7.1 Authority to Allot Shares Pursuant to Section 132D of the Companies Act, 1965 Ordinary Resolution 7

"THAT subject always to the approvals of the relevant authorities, the Directors be hereby authorised pursuant to Section 132D of the Companies Act, 1965, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total issued capital of the Company (excluding treasury shares) at the time of issue **AND THAT** the Directors be hereby also empowered to obtain the approval for the listing of and quotation for the additional shares to be issued on Bursa Malaysia Securities Berhad **AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7.2 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")

"THAT the Company and/or its subsidiaries be hereby authorised to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.3.2 of the Circular to Shareholders dated 23 November 2015, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate.

AND FURTHER THAT such authority shall continue to be in force until:-

- the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such Proposed Renewal of Shareholders' Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions;
- the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier."

7.3 **Proposed Renewal of Shareholders' Mandate for Share Buy-Back**

"THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be hereby authorised to renew the approval granted by the shareholders of the Company at the Eighteenth Annual General Meeting of the Company held on 17 December 2014, authorising the Company to purchase and/or hold up to ten percent (10%) of the issued and paid-up share capital of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits and share premium reserves of the Company, be allocated by the Company for the Proposed Share Buy-Back. The retained profits and share premium reserves of the Company, be allocated by the financial year ended 31 July 2015.

Ordinary Resolution 8

Ordinary Resolution 9

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (Cont'd)

AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be hereby authorised to cancel such shares or retain such shares as the Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three (3).

AND FURTHER THAT the Directors of the Company be hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occur first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of the Company deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

8. To transact any other business of the Company of which due notice shall be given in accordance with the Company's Articles of Association and the Companies Act, 1965.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a Single Tier Final Dividend of 0.30sen per share in respect of the financial year ended 31 July 2015 will be payable on 27 January 2016 to depositors registered in the Record of Depositors at the close of business on 8 January 2016.

A Depositor shall qualify for entitlement only in respect of:-

- a. Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 8 January 2016 in respect of transfers;
- b. Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD HIAP TECK VENTURE BERHAD

Company Secretary NG YIM KONG (LS 0009297)

Date: 23 November 2015

Selangor Darul Ehsan

Notes:

- A. Appointment of Proxy
- A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 2. Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he (she) specifies the proportion of his (her) holdings to be represented by each Proxy.
- 3. The Form of Proxy shall be signed by the appointer or by his (her) attorney duly authorised in writing or, if the appointer is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
- 4. The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 6096, Jalan Haji Abdul Manan, Batu 5 ½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the Meeting or at any adjournment thereof.
- 5. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.
- 6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- B. Audited Financial Statements for the Financial Year ended 31 July 2015

This Audited Financial Statements in Agenda 1 are meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS OF THE AGENDA

(a) Resolution pursuant to the Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Resolution 7 under item 7.1 of the Agenda, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued capital of the Company (excluding treasury shares) for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

The general mandate which seeks to grant authority to Directors to allot and issue shares is a renewal of the mandate that was approved by the shareholders at the Eighteenth Annual General Meeting ("AGM") held on 17 December 2014. The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (Cont'd)

The Company has not issued any new share pursuant to Section 132D of the Act under the general mandate which was approved at the Eighteenth Annual General Meeting.

(b) Resolution pursuant to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Proposed Ordinary Resolution 8 under item 7.2 above, if passed, will enable the Company and its subsidiaries ("the Group") to continue entering into the specified Recurrent Related Party Transactions as set out in Section 2.3.2 of the Circular to Shareholders dated 23 November 2015 with the specified classes of the Related Parties mentioned therein which are necessary for the Group's day-to-day operations. For further information on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular to Shareholders dated 23 November 2015 enclosed together with the Company's 2015 Annual Report.

(c) Resolution pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back

The Proposed Ordinary Resolution 9 under item 7.3 above, is to seek the renewal of authority for the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company on Bursa Malaysia Securities Berhad. For further information on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, please refer to the Circular to Shareholders dated 23 November 2015 enclosed together with the Company's 2015 Annual Report.

GENERAL MEETING RECORD OF DEPOSITORS

For the purpose of determining a member who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Article 55(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 7 December 2015. Only a depositor whose name appears on the Record of Depositors as at 7 December 2015 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.



NINETEENTH ANNUAL GENERAL MEETING FORM OF PROXY

I/We,) (NRIC No./Company No.)			
		(FU	ILL N	AME IN	CAPITAL	LETTERS)										
of																
•••••	•••••					••••••	(FULL AD	DRESS)			•••••	••••••				•••••
being	а	member	of	HIAP	TECK	VENTURE	BERHAD	hereby	appoint	*	the	Chairman	of	the	meeting	or
								(NF	RIC No) of
				(FULL	NAME)											
																or
•••••	••••••						(FULL AD	DRESS)			•••••	••••••				••
failing whom			(NRIC No) of				
				(FULL	NAME)											
																as

(FULL ADDRESS)

*my/*our Proxy(ies) to vote for *me/*us and on *my/*our behalf at the Nineteenth Annual General Meeting of the Company to be held at the Setia City Convention Centre, Function Room 8, 1st Floor, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor Darul Ehsan on Tuesday, 15 December 2015 at 2.30 p.m. and at any adjournment thereof for or against the resolution(s) to be proposed thereat.

*My/*Our proxy(ies) *is/*are to vote on the Resolutions as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1	To approve the Directors' fees of RM315,000 for the year ended 31 July 2015.		
2	To approve a Single Tier Final Dividend of 0.30sen per share for the financial year ended 31 July 2015.		
3	To re-elect Mr. Lee Ching Kion who is retiring in accordance with Article 79 of the Company's Articles of Association.		
4	To re-elect Mr. Foo Kok Siew who is retiring in accordance with Article 79 of the Company's Articles of Association.		
5	To re-elect Mr. Sun Yanmin who is retiring in accordance with Article 84 of the Company's Articles of Association.		
6	To re-appoint Messrs KPMG as the Company's Auditors for the ensuring year and to authorise the Directors to fix their remuneration.		
7	To grant the authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965		
8	To approve the proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
9	To approve the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.		

[Please indicate with (X) in the spaces provided above as to how you wish your vote to be casted. If no specific direction as to voting is given, the Proxy will vote or abstain at his(her) discretion]

Dated this.....2015

Number of Ordinary shares held :

[Signature/Common Seal of Member]

* Delete if not applicable

Notes :

- 1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy or Proxies to attend and vote on his (her) behalf. A Proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- 2. Where a member appoints two (2) or more Proxies, the appointment shall be invalid unless he (she) specifies the proportion of his (her) holdings to be represented by each Proxy.
- 3. The Proxy Form shall be signed by the appointer or by his (her) attorney duly authorised in writing or, if the appointer is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.
- 4. The instrument appointing a Proxy must be deposited at the Registered Office of the Company at Lot 6096, Jalan Haji Abdul Manan, Batu 5 ½, Off Jalan Meru, 41050 Klang, Selangor Darul Ehsan not less than forty-eight (48) hours before the time for the Meeting or at any adjournment thereof.
- 5. A proxy appointed to attend and vote at a meeting of a company shall have the same right as the member to speak at the meeting.
- 6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Fold here

Affix STAMP

The Company Secretary **HIAP TECK VENTURE BERHAD (421340-U)** Lot 6096, Jalan Haji Abdul Manan Batu 5 ½, Off Jalan Meru 41050 Klang Selangor Darul Ehsan

Fold here

HIAP TECK VENTURE BERHAD (421340-U)

Lot 6096, Jalan Haji Abdul Manan Batu 5 ½, Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel : 03-3377 8888 www.htgrp.com.my